



Fury over UK-French attempt to exclude European parliament Move to keep MEPs out of IGC

By Lionel Barber in Palermo

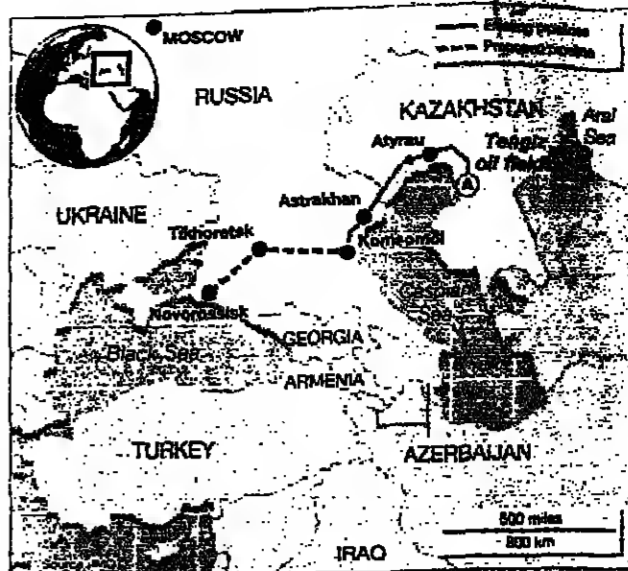
Britain and France yesterday blocked a plan to invite the European parliament to take part in negotiations in the EU's coming intergovernmental conference.

provoked bitter criticism from several member states. Mr Klaus Kinkel, German foreign minister, described the UK-French opposition as "unacceptable".

ations. Two MEPs also took part in last year's high-level group of experts preparing the IGC.

contacts with representatives of EU foreign ministers every two months, and a meeting with EU foreign ministers once every six months, on the IGC negotiations.

forward a compromise which favoured "regular" contacts between the parliament and the member states on the IGC, which is expected to last up to 18 months.



Caspian project partners clear pipeline block

By Sander Thoenes in Alma Ata

The Caspian Pipeline Consortium of Russia, Kazakhstan and Oman has agreed, after three years of haggling, to invite outside investment for the construction of a pipeline to unlock the giant Tengiz oil field.

ment as well as pay a transport tariff, in return for a stake of only 25 per cent.

President Nursultan Nazarbayev of Kazakhstan announced in January that his country and Russia had agreed to cut their stakes to 25 per cent each, leaving only 5 per cent for Oman Oil.

Mr Ed Smith, general director of the Caspian Pipeline Consortium for Oman Oil, said that Kazakhstan, Russia and Oman agreed in Moscow to reduce their stake to just over 50 per cent, with Oman reducing its share from a third to "approximately 10 per cent".

To obtain bank financing, most experts agree, new members of a consortium would still need more solid Russian guarantees, both on legal rights to the assets provided by the Russian government and on the volume of Russian oil shipped through the pipeline in the initial stages of the project.

Mr Smith said Russia and Kazakhstan would still need to agree on their stakes, based on the assets they brought to the project. But even a preliminary agreement could set the ground rules for talks with potential investors in London on Friday, Mr Smith said.

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German spending cap fears resurface

By Michael Lindemann in Bonn

Forecasts that the German budget deficit this year - predicted at DM50bn (€27bn) - would in fact be DM20bn higher have prompted fears that Mr Theo Waigel, the finance minister, will have to announce a cap on government spending because of lower tax revenues.

Press reports suggested the spending restrictions would only be introduced after three state elections had taken place on March 24, the next important date in Germany's political calendar.

However, the finance ministry insisted no decision had been taken and that a final decision had "nothing to do with the elections".

nues caused Mr Waigel to demand last October that all government expenditure over DM1m be cleared with his ministry. That spending cap, however, ran out on December 31.

US opponents of Nato enlargement range from isolationists such as Mr Pat Buchanan, the Republican presidential candidate, to veteran arms control experts like Mr Fred Ikle who argue that alienating Russia is too high a price to pay.

French set to air some grievances

By David Buchanan in Paris

The French government will set out its general position regarding the forthcoming European intergovernmental conference (IGC) in a declaration to the National Assembly on Wednesday that will probably stir less controversy than the debate itself.

Many deputies, particularly within the governing centre-right coalition, may want to use the occasion to air a series of Euro-grievances. These include the perceived damage to France of "competitive devaluations" by some of its neighbours, and the difficulty posed by what it considers to be lax Dutch drugs policy in removing controls on borders within the Schengen convention.

These may seem secondary issues to the overall French goals of keeping economic and monetary union on track and of reforming Brussels institutions so they can play a more effective foreign and security policy role. But the government was pushed by the assembly last month into proposing tougher action against countries remaining outside Emu - which abuse their exchange rate freedom.

The main French political parties - or at least their leaders - broadly agree on the need to take more decisions on regular EU business by majority, to boost the power of the Council of Ministers in which bigger states like France should have a more weighty

Socialist leaders believe aggressive unemployment measures are the key to public acceptance of Emu

Socialist leaders yesterday urged the European Union to adopt aggressive measures to fight unemployment as the only way to gain public acceptance of a single currency, writes Peter Wise in Sintra.

European socialist and social democratic party leaders meeting in Sintra, Portugal, called for practical steps to create jobs to be written into the EU treaty when it was revised at this year's intergovernmental conference.

"The goal of full employment should be anchored explicitly in the treaty... and a supervision system for the employment policy of member states should be considered," Mr Franz Vranitzky, the Austrian chancellor, said in a report adopted by the group.

Mr Rudolf Scharping of Germany's opposition Social Democratic party (SPD) said socialist leaders strongly opposed any turning away from the established timetable and economic convergence criteria for European monetary union. Emu was essential to Europe's economic competitiveness and further integration, he said. But it would not win the public support vital to success without "aggressive efforts" to lower unemployment, particularly among the young, and provide more job training.

Setting up a European Employment Union

vote to reduce the number of commissioners in a European Commission which should focus more on executing than on making policy, and to streamline EU foreign policy to add a defence dimension to it.

Much of this Gaullist-tinged consensus rests also on the accommodation reached last year between President Jacques Chirac and Chancellor

Helmut Kohl, who has not endorsed the Euro-federalist proposals of some in his party.

Indeed, the relative ease with which France and Germany have arrived at a joint position has somewhat blunted the call by Mr Edouard Balladur, the ex-prime minister, for a new pact between Paris and Bonn.

In the absence of serious strains between France and Germany, their existing 1963

Elysee treaty still seems adequate.

Therefore, Mr Chirac and his government go into the IGC in Turin with their parliamentary rear and their flank across the Rhine relatively well safeguarded. In this comfortable position, the president is said to be planning nothing more in the run-up to the opening on March 29 than penning a major article in the French press.

EUROPEAN PRESS REVIEW

Decisive poll proves most indecisive

SPAIN

By David White

On a bright morning a week ago, Spaniards awoke to find a distinct whiff of Mediterranean politics had wafted in on the breeze. General elections, which the combative daily *El Mundo* had confidently billed as "the most decisive in 20 years of democracy", turned out to be the most indecisive.

It was an upside-down kind of election. The centre-right Popular party won, but looked stunned after securing fewer seats than previous winning parties. The Communist-led United Left also gained, but was down in the dumps. The Socialists were defeated, for the first time since 1978, but were laughing. And the Catalan nationalists of *Convergència i Unió* lost ground but, with all of 10 MPs, were now able to call the shots.

The week's initial rounds of inter-party conversations brought Spain no closer to a new government, with a reluctant sultan - the PP - courting an even more reluctant Catalan partner.

Editorialists pondered the risk of slipping into Italian-style politics. Newspapers as far apart as *El Pais*, broadly sympathetic to the outgoing Socialist administration, and the strongly conservative *ABC* both said it would be "a collective failure" if there had to be another election.

"Prolonging the current provisional situation, apart from

revealing the cleverness of certain political leaders, could bode ill for the Spanish economy," *El Pais* cautioned. The financial newspaper *Cinco Dias* described the result as "a sad victory" for the PP leader, Mr José Maria Aznar. "Unfortunately, the election results are not an invitation to consumers and investors to mobilise," it said. The Spanish economy, it reckoned, was ready to embark on a more ambitious growth phase. "All that needs to be done is that the politicians should not become an impediment."

*El Mundo*, which had set its heart on finishing off Mr Felipe Gonzalez, prime minister for the past 13 years, saw the main message of the elections as the defeat of *felpismo* - "a welcome historic event". But it was also critical of Mr Aznar, complaining of his "worrying lack of sensitivity" towards Catalan and Basque nationalism.

"He must recognise openly that he made a mistake in Catalonia... It is as elemental as that: you cannot engage in politics in Catalonia against the immense majority of Catalans," it said. Mr Aznar had to show he was as centrist as he claimed. "Either he will have to govern from the centre, or not govern."

*El Pais* deplored the lack of a consensus culture in Spanish politics. "The sectarianism and aggression that have become part of political life, especially in the past three or four years, do not correspond with the reality of Spanish society."

EL PAIS

"Prolonging the current provisional situation, apart from revealing the cleverness of certain political leaders, could bode ill for the Spanish economy"

Aznar warns on single currency

Spain would write-off its chances of qualifying as a founder-member of the European single currency if it were forced to hold another general election this year, Mr José Maria Aznar, leader of the centre-right Popular party, said yesterday, David White writes from Madrid.

Mr Aznar, who is trying to negotiate support for a PP government after his party's narrow election win last week, said in an interview with the daily newspaper *ABC* that new elections would "totally and definitively" rule out prospects of meeting the European Union convergence criteria. "It would be extremely serious for Spain and would mean missing the Maastricht train and the opportunity of placing the Spanish economy in a process of growth, reform and job-creation."

In a later editorial, *El Pais* pointed out that it would be technically possible to form a government without the PP. Equally, if Mr Aznar lost his investiture vote next month, the king could nominate another PP candidate, or an independent.

"An unthinkable folly," retorted *ABC*. King Juan Carlos had too much "prudence and good sense," Mr Aznar, it insisted, was the only

possible candidate for prime minister, and was condemned to reaching an understanding with the Catalan party.

But for *Diario 16*, the Catalan conditions for backing Mr Aznar "border on childish absurdity". It dismissed as "ridiculous" their insistence that the PP should recognise Catalonia as a "nation" rather than a region.

"All these demands for solemn declarations of principle, apart from being sterile and useless, are aimed only at humiliating the adversary... When political parties in any democracy make agreements, they do not agree on the mystery of the Holy Trinity, but on concrete programmes."

It called for a fully fledged coalition with regionalist parties, based on a more federal state. "The ballot-box has created an historic opportunity to complete something that was unfinished and to do away with secular fears and resentments," it said.

However, the *Barcelona* daily *El Periódico de Catalunya* said grassroots *Convergència* supporters were "unanimously and radically opposed to an agreement with Aznar". It summed up the dilemma of the negotiations: "This is a process which has to be gradual but which must be done in as little time as possible."

The Catalan-language daily *Ara* doubted if a pact could be reached in time. "It is not possible to improvise a regional programme in a few days."

Other regions with PP governments, it said, were opposed to granting special concessions to Catalonia, and the PP was allied to "viscerally anti-Catalan" parties in Aragon and Valencia.

"Between now and the legislative debate, there can be no miracles." The only option was for Mr Aznar to seek co-operation, or non-belligerence, from the Socialists.

Lady Thatcher unleashes Star Wars broadside in US

By Bruce Clark, Diplomatic Correspondent

Lady Thatcher, the former British prime minister, has plunged into an intensely partisan US debate by calling for a new version of Star Wars to ward off the threat from rogue states with nuclear, chemical or biological weapons.

In a speech at the weekend in Fulton, Missouri - where Winston Churchill warned 50 years ago of an "iron curtain" descending on Europe - she berated the west for failing to prepare for a new threat from

weapons of mass destruction. The lecture's timing and location were clearly intended to create the impression of an appeal to history that rose above daily politics. But her chosen theme was one of the touchstone issues in Washington's ideological debate.

The speech placed her in the camp of the conservative Republicans who are pressing President Bill Clinton to renounce the anti-ballistic missile (ABM) treaty of 1972 and invest heavily in a nuclear shield.

The issue provides one of the sharpest dividing lines in the US for-

ign policy debate. Preserving the ABM treaty has been central to Mr Clinton's core of co-operating with Russia over core arms-control issues, even at times when relations between the two countries are under strain.

Lady Thatcher threw her weight behind Senator Jesse Helms and other conservatives who argue that the ABM treaty is a cold-war relic with no relevance to an age when up to 30 countries have, or will soon acquire, long-range missiles.

"Acquiring an effective global defence against ballistic missiles

is... a matter of the greatest importance," she said, adding that "co-ordinating the contribution of America's allies" to such a system could provide a new mission for a rejuvenated, enlarged Nato.

"For Washington's political right, the speech was a boost for their attempts to demonstrate that Mr Clinton's handling of parish states has been soft."

"Lady Thatcher is on target," said Mr Joshua Muravchik, a conservative foreign affairs analyst. "If we are going to allow irresponsible states like North Korea to keep their

arsenals, it's essential that we have defences against them."

But her vision of an expanded Nato, renewing itself through a new Star Wars programme, will not meet with universal approval among strategists, even conservatives, on either side of the Atlantic.

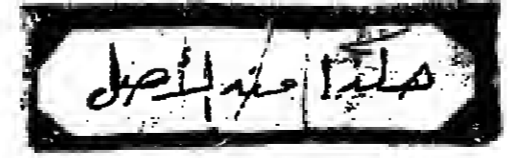
In the past, US plans to build a nuclear shield have alarmed Europeans, who feared that their territory would be left unprotected - and US defence contractors would be the principal beneficiaries.

To European defence ministries, a nuclear shield sounds like isola-

tionism or American technological superiority," said Mr Dan Plesch, director of Basic, a left-wing think-tank.

In the US, meanwhile, part of the conservative constituency which favours anti-missile defences has become sceptical about maintaining, let alone extending, the US commitment to protecting western Europe.

US opponents of Nato enlargement range from isolationists such as Mr Pat Buchanan, the Republican presidential candidate, to veteran arms control experts like Mr Fred Ikle who argue that alienating Russia is too high a price to pay.



# EU appeals to Israel on aid for Gaza

By Lionel Barber in Palermo

The EU yesterday appealed to Israel to allow food, humanitarian and construction aid to flow to Palestinians in Gaza, in an attempt to shore up President Yasser Arafat.

They tempered their plea with support for Mr Shimon Peres, Israeli prime minister, and approved a joint approach to Iran and Libya to end their support for terrorism.

At a weekend meeting in Palermo, Sicily, EU foreign ministers rejected US and Israeli pressure to break off "critical dialogue" with Iran. The Tehran regime, suspected of financing and organising terrorism, has offered moral support to the suicide bombers in Israel.

A joint statement underlined the EU's determination to bolster its diplomatic engagement in the Middle East prior to the anti-terrorism summit in Egypt on Wednesday.

The Union's declaration - studiously even-handed - said safeguarding the security of Israeli and Palestinian populations was a "fundamental element" in carrying out the peace process, which had to be made "irreversible".

While urging President Arafat to take every step to arrest those responsible for terrorism, the statement added: "We recognise the hardship imposed on the Palestinian population resulting from the closure by Israel for security reasons of all land and sea borders with Gaza and the West Bank."

"We therefore call on Israel to allow humanitarian assistance and materials for the internationally financed reconstruction programmes to go through, under appropriate security safeguards, but without undue delay."

Diplomats said the EU was determined not to isolate Mr Arafat, under pressure from the Israeli government to clamp down on the militant group Hamas.

The EU is giving Ecu90m

Mr Sileyman Demirel, Turkey's president, arrives in Israel today for a four-day tour, which is expected to focus on issues such as the Middle East peace process and terrorism, John Barham reports from Ankara. Turkey has become one of Israel's closest allies in the Middle East.

Mr Demirel is expected to sign a free trade agreement with Israel, eliminating import barriers on almost all bilateral trade. A four-year transition period will protect certain "sensitive" sectors, particularly Israel's textile industry.

Turkey is also expected to conclude a \$600m (£422m) contract with Israel Aircraft Industries soon, to upgrade 54 Turkish Air Force Phantom F-4 fighter bombers.

(\$112.5m) to the Palestinian territories in 1996, almost half the international aid effort and triple the US contribution. But despite efforts to make the Middle East a showcase for its fledgling common foreign and security policy, the Union's initial reaction to the suicide bombings last week was convoluted.

Mrs Susanna Agnelli, Italian foreign minister who chaired the talks, made little effort to hide her frustration over French suggestions that a weak Italian presidency had forced Mr Hervé de Charette, French foreign minister, and Mr Klaus Kinkel, his German counterpart, to fly to Israel in the wake of her own visit.

The EU's anti-terrorism approach to Iran and Libya will be handled by senior officials from Spain, Italy and Ireland, which form the so-called troika of past, present and future EU presidencies.

Syria was initially on the target list as well, but several countries and the European Commission objected that Damascus was a party to the peace process.

# Journey of fear on Jerusalem's bus No 18

Julian Ozanne speaks to commuters using a route hit by bombers on consecutive Sundays

On two consecutive Sundays Jerusalem's Number 18 bus has been blown apart by Islamist suicide bombers during the morning rush hour, killing 44 people. Yesterday, as passengers boarded the 6.47am No 18 service, there was a palpable sense of fear.

"They have made us so afraid to do the thing that normal people everywhere do without thinking - take a morning bus to work," said Ms Sarit Aldema, a 20-year-old student who trembled as the bus passed near the Old City. This is the stop where police believe the Palestinian suicide bombers boarded the buses attacked.

"When you wake up, you think maybe it's better to leave a little later. As you leave the house you think, Shall I take this bus, or maybe wait for the next one? - which one will be more lucky? The worse thing is that it makes you afraid of every Arab you see. Maybe he will be the one coming to kill us."

Ms Aldema said that since the first bus bombing on February 26 she had avoided taking the bus and instead used taxis. "But this isn't an answer. We must trust the security forces otherwise we will live in fear forever."

Yesterday's fear was exacerbated by a Hamas threat to cancel its offer of a four-month

ceasefire and to carry out more bombings. Bus drivers said many of the No 18s were nearly empty. All along the route soldiers patrolled the bus stops, questioning morning commuters, searching bags and boarding the bus to check the litter bin.

Tense passengers scrutinised everybody who got on the vehicles. At the Old City, several Arabs were played out against a corrugated iron fence being frisked by police in bullet-proof jackets.

The bombings of the No 18 buses have had a devastating effect on the Katamon neighbourhood, the first community on the route to central Jerusalem. Many of the bombing victims lived in Katamon.

"I take the No 18 every morning," said Ms Gluskin Tatiana, a Katamon resident who arrived from Russia five years ago and works at the Yad Vashem holocaust museum. "I used to see the same faces on the bus every day and now, suddenly, they are not here anymore. There is a very big pain of loss in my heart."

"Look around, everybody is afraid. Nobody knows what will happen. Only God knows." Eight of the victims of the first bombing lived in Katamon; three were from the same school. Many of the Katamon residents on yesterday's bus



Show of force: An Israeli soldier boards a near-empty No 18 bus in Jerusalem yesterday

told how they had narrowly avoided taking one of the doomed vehicles on the two previous Sundays.

Those who narrowly escaped death drew deeply on their Jewish faith.

Mr Avraham Cohen took the No 18 every day from Katamon on his way to work at the Moza winery on the outskirts of Jerusalem. On the first Sunday he got off the bus seconds before it blew up. On the second Sunday he was seriously wounded. "Apparently somebody is watching over Avra-

ham," his brother Salim told an Israeli newspaper.

"In one week his life was given to him as a gift twice. This time, after he heals, God willing, we will take him to synagogue to say the rescue prayer." The *gamel* (rescue) prayer is a traditional Jewish blessing for those who have miraculously passed through a life-threatening experience.

Among the bravest people on the No 18 route are the drivers of the Egged bus company who have consistently turned up for work. The Gonen bus station,

where the No 18 originates, has been nicknamed the "cursed station". Five buses from the Gonen station have been attacked since 1967. Last week Mr Shmuel Halifa, Egged's Jerusalem director, said: "The drivers feel like they are in the middle of a game of Russian roulette." A psychologist has been hired to counsel them.

Many of the drivers wrap themselves in *tefillin* - leather straps and small boxes containing Hebrew texts worn by Jews during prayer - and say prayers before they start their

work. "In these times belief is our weapon," said one driver.

Their wives also suffer. "My wife was very worried this morning," said Mr Benny Benjamin, the driver of yesterday's 6.47am bus. "She said I must look left and right and look at everyone who gets on my bus as a potential terrorist. It's really tense on the buses, but especially on this No 18. It reminds me of the Lebanon war."

The grief and mourning in Israel last week cast a shadow over Purim, the Jewish festival when children dress up in masks and costumes.

Many children were overwhelmed and confused by the atrocities. But Vladimir Koshnikov, 8, who lost his parents in the first attack on bus No 18, provided a remarkable glimmer of hope.

After the second bombing he described how he had gone to bed and imagined he was talking with his dead parents. "I told them a horrible tragedy happened, and that many people are crying. I told my mother I am afraid, because every Sunday they blow up a bus in Israel and I am worried. 'I want to dress up as a Hamas man, to penetrate into the Gaza Strip and find the Hamas leader there. I want to plead with him 'enough murder, don't kill any more Jews, let's be friends.'"

# Election boost for Rafsanjani UN team searches Baghdad building

By Robin Allen in Dubai

Iranian President Ali Akbar Hashemi Rafsanjani's chances of accelerating economic reform appeared to have improved at the weekend following gains made by reformist candidates in the first round of parliamentary elections, held on Friday.

Early results issued yesterday suggested the reformist centre-right faction, the Servants of Construction (also known as G16), had made gains at the expense of conservatives, represented by a group known as the Assembly of Combatant Clergy. This group had held a majority of

150-160 seats in the former parliament.

More than 32m people were entitled to vote in the race for 270 parliamentary seats. Political commentators suggested about 60 per cent voted.

Economic issues dominated the elections. Public criticism had focused on soaring inflation, officially put at 54 per cent, and a stagnant economy. The business community, in particular, is critical of the government's top-heavy role in the economy.

By yesterday evening, the G16 was claiming it had won more than 65 of the 140 seats where results were known. Commentators in Tehran were

unsure, however, how many of these were outright wins. Traditional conservatives had won 35 seats outright, 53 had lost their seats, and 21 have to contest a second round.

The only outright winner in Tehran, which returns 30 members to parliament, was President Rafsanjani's daughter, Faezeh Hashemi, who, like her father, is a strong supporter of economic adjustment and liberalisation. She was standing on the G16 list.

Observers said that her success, and that of the first outright declared winner in Isfahan, also a woman on the G16 ticket, could encourage many women to vote in the run-off.

This is due on April 20.

Mr Bijan Khajepour, managing director of Tehran-based Atieh Bahar Management Consultancy, suggested the moderates might ultimately emerge with enough seats, possibly 100, to form a loose coalition with independents, represented by provincial businessmen and other individuals well known in their communities.

This might be enough to give Mr Rafsanjani the authority he needs to push ahead with reforms, and to ensure that his successor in presidential elections in August next year continues with his policies.

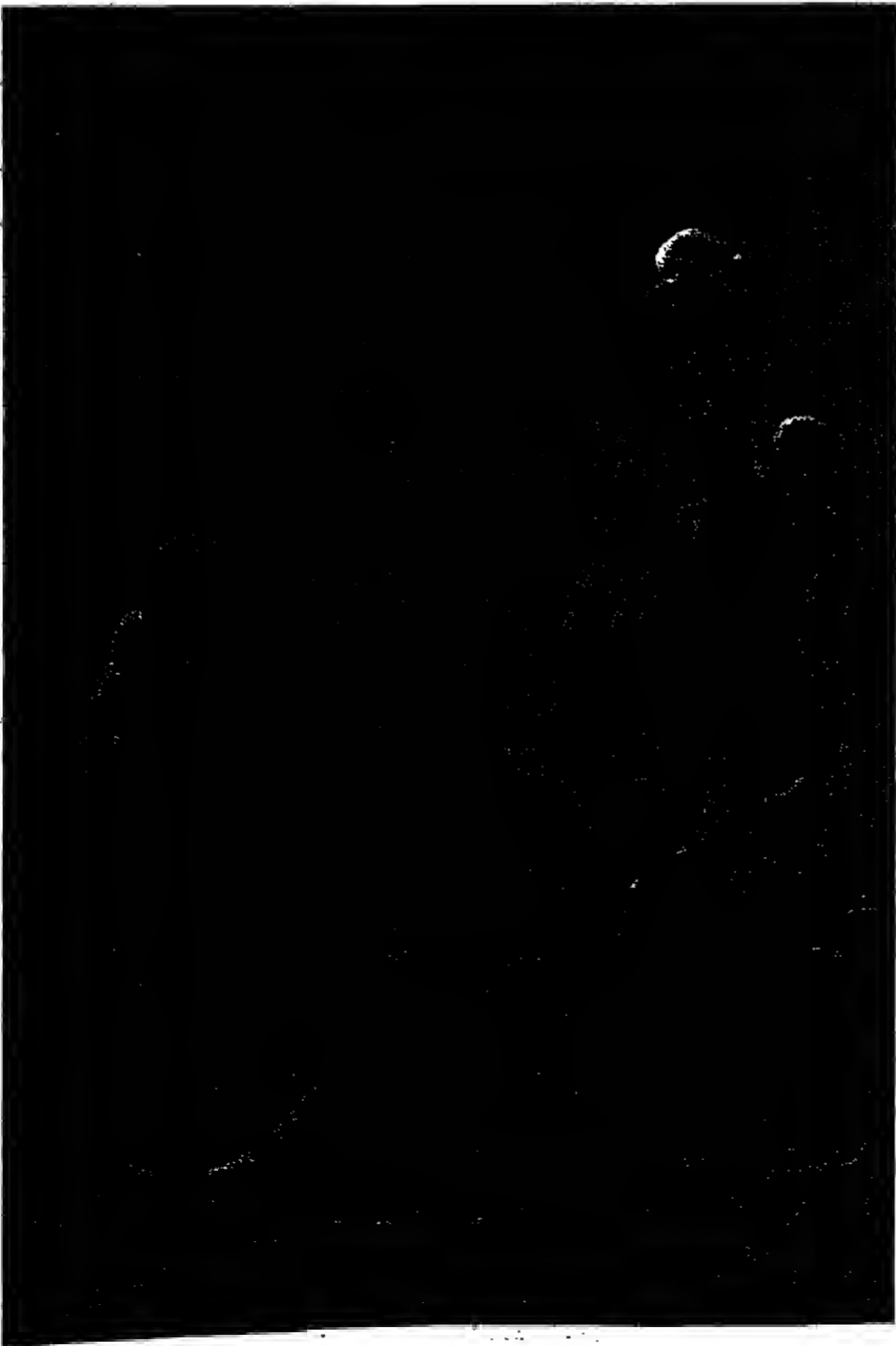
United Nations arms experts found no prohibited documents or materials in a Baghdad government building searched over the weekend, Reuter reports from Baghdad.

The UN special commission disarming Iraq searched the building housing the irrigation ministry, where they suspected Iraq had hidden documents related to its banned weapons. About 40 international arms experts were refused access when they tried to enter on Friday.

Baghdad later allowed them in after a claim from the Security Council that Iraqi obstruction constituted a violation of ceasefire terms that ended the 1991 Gulf war over Kuwait.

The building was previously occupied by the FAO establishment, one of Iraq's largest state-owned companies, which spearheaded the country's post-Gulf war reconstruction drive.

Under the ceasefire Iraq has to rid itself of missiles with ranges beyond 150km, along with the means to produce them. This is a precondition for the lifting of UN sanctions.



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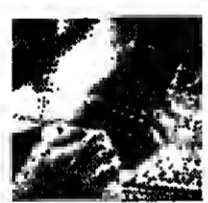
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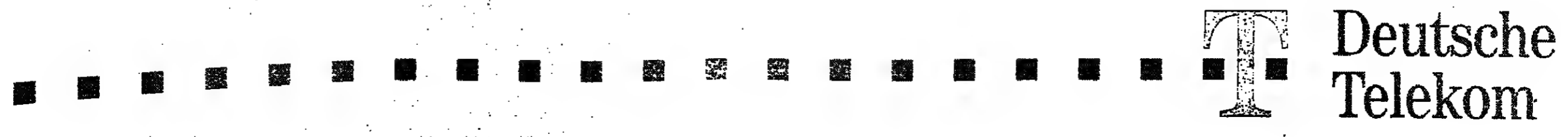
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# New law would aid EU financial institutions

By Alison Smith, Investment Correspondent

Continental European banks would be able to take over UK building societies under plans set to be unveiled by the government next week.

The proposal, contained in draft legislation on building societies, represents a shift away from existing law, which prevents a society's business being transferred to a foreign company.

It would offer European financial institutions another route into the UK personal finance market at a time when the UK mortgage market is showing signs of recovery after the

economic recession of the early 1990s.

The government's proposals form part of a far-reaching revision of building society law due to be introduced in parliament in the autumn. They are aimed at giving societies more powers and requiring them to be more accountable to their members.

However, publication of the draft bill will highlight the growing split in the UK home loans sector between societies emphasising the benefits of being mutual organisations, owned by their savers and borrowers, and those which have become or are intending to become public limited companies.

The government's plans are also directed at making it easier for societ-

ies to develop and combine as mutuals, without having to be taken over or to become banks in their own right.

They would allow societies to combine in a federation, in which each society remained independent, or through an arrangement allowing one society to own one or more others.

A separate proposal, which would enable a society to keep the name of another it had taken over, would help such deals by allowing the larger society to retain the goodwill associated with the merged society.

Under the proposed legislation, financial institutions in the European economic area could gain entry to the

UK home loan market through the takeover of a society.

Several foreign banks sold home loans in the UK through intermediaries rather than branch networks in the mid-1990s. They subsequently pulled out of the market after the early 1990s recession. Recent recovery signs could now make the market a more attractive proposition, especially if the option of making an acquisition is more readily available.

Attention in the building society sector is already starting to focus on takeovers and acquisitions rather than conversions because most of the societies large enough to float on their own have already announced

that they will do so or have said they have no such plans.

At the heart of the bill is a move away from the current prescriptive regime for societies to a permissive one. It would allow them to pursue a broader range of activities as long as their principal purpose was providing residential mortgages funded substantially by individual savers.

The consultation paper explains why the government does not intend to introduce new restrictions on what benefits can be paid to savers and borrowers in a takeover or flotation.

The bill is unlikely to become law without at least a parliamentary debate.

UK NEWS DIGEST

## London training weakness shown

Managers of financial services companies in the City of London are guilty of arrogance and "training phobia", and have received insufficient training, according to a survey published today by *Marfi*, the polling group.

It found that about 40 per cent of City financial organisations spend 2 per cent or less of their annual turnover on training. Of the remainder, 32 per cent did not even know how much money they spent on training.

Mr George Alford, deputy chairman of CIntec, the Training and Enterprise Council (TEC) which produced the report, said "more than one in four senior managers believe external training could not teach them anything new".

Only 7 per cent thought they would benefit from training on the subject of how to manage their staff, while only 10 per cent had attended as many as three training courses in a year.

Mr Alford, who is also head of private banking with Kleinwort Benson, the investment bank, said the problem was not unique to the City. But vocational training was particularly important in service industries where there was usually less technical training, he said.

*John Ashers, London*

## Internal battle for investment

Most English local authorities regard neighbouring regions - rather than other areas of Europe - as their principal source of competition for inward investment.

An analysis of inward investment activity among local councils by Ernst & Young shows that on average 75 per cent of investment inquiries come from other UK regions, indicating a high level of dissatisfaction with existing locations. France and Germany are regarded by local authorities as the biggest competitors elsewhere in Europe.

*Michael Cassell, London*

## Charities' income at record

The income of Britain's top charities rose to a record £9.98bn (\$15.86bn) in the 12 months to June 1994, according to the latest available figures. The period covered precedes the launch of the National Lottery, which charities say has affected discretionary giving.

According to the 1996 Henderson Top 2000 charities guide, public grants and fees remained the largest single source of income for the sector, amounting to £2.7bn during the year, up from £2.6bn. Donations from the UK's 50 top corporate donors rose by £17.5m to £211.4m. Charitable giving by all listed companies amounted to £351m. Glaxo Wellcome was the biggest donor with £21m, while the biggest rise in community involvement came from Thorn EMI, the entertainment group, which increased donations 171 per cent to £9.8m.

The biggest falls in corporate donations came from British Gas, which cut community involvement from £2m to £1.3m and media group News International, which dropped from £1.9m to £800,000, and Pearson, which owns the Financial Times, from £1.27m to £730,000.

*Mark Szymon, London*

## Football rivalry hits cereal sales

Fierce football rivalry has led to a slump in sales of Sugar Puffs in a soccer-mad city in north-east England.

Sunderland supporters boycotted the cereal after Newcastle United's manager Kevin Keegan promoted the cereal after Newcastle United's cereal in a TV ad, complete with the Honey Monster character dressed in a black and white shirt.

Stores in the red and white city reported falling sales as rumours spread that fans had banned the cereal from their homes. Quaker, the makers of Sugar Puffs, were unavailable for comment.

*PA News*

## Japanese tool maker set for plant expansion

By Peter Marsh

Yamasaki Mazak, the Japanese company that is the world's second biggest machine tool producer, plans a new phase of expansion at its Worcester manufacturing operation based in Worcester.

The company is planning a multi-million pound investment to expand capacity at its Worcester plant by about 20 per cent from this summer, immediately after a £9m (\$13.8m) investment plan, already in train, is completed.

The new expansion project is thought likely to push annual output of machine tools from the Worcester operation to up to £200m in about two years' time - consolidating the factory's position as one of Europe's highest machine tool plants.

The plan by the privately owned Yamasaki marks a strong show of confidence by the company in the prospects for machine tool sales in Europe - which are slowly recovering after a poor phase in the early 1990s, linked to the weakened economic conditions across the continent.

It is expected that the new investment plan, to be finished by mid-1997, will create about 50 new jobs on top of the 400

already employed in Worcester, up by 100 from a year ago.

Yamasaki does not reveal its annual worldwide sales but industry estimates put these at about \$730m (\$474m) in 1994, making the company the second biggest machine tool producer after Amada, also of Japan. About 85 per cent of the Worcester plant's output is exported, mainly to the rest of Europe.

Mr Elmar Barz, director of Yamasaki's European operations, said sales to France and Germany - which represent two of the big European markets for machine tools - were relatively weak but this was more than compensated for by growing demand for machine tools in countries such as Italy, Spain and the former communist nations in eastern Europe.

Mr Barz also said the Worcester plant was likely to switch some exports to south-east Asia and North America after several years in which it had stopped making tools for these countries.

The costs of the new expansion at Worcester, one of the few production operations in Europe run by a Japanese machine tool company, have not been revealed but are thought likely to be about £5m.

## PM faces fresh turmoil over Europe

By George Parker, Westminister

Mr John Major, the prime minister, was warned yesterday that he faces renewed Tory turmoil over Europe, if the white paper on Britain's approach to the EU's intergovernmental conference does not demand a substantial drawback of power from Brussels.

Conservative Eurosceptic MPs warned Mr Major that they would vote against the government in a debate on the paper, due to be published tomorrow, if it did not measure up to their demands.

Mr Christopher Gill, MP for Ludlow, said: "For a long time now, it has been thought that I, and others, would be satisfied with rhetoric. We are past that stage now. We want to see the beef."

Speaking on BBC Television's *On the Record* programme, Mr Gill and his Eurosceptic colleague, Mr Bill Cash, warned that the government could not count on their support when MPs debate the paper next week.

A Tory rebellion is likely, since headline MPs are unlikely to be satisfied with a paper which is expected to propose only a modest diminishing of the EU's power. The paper will attempt to strike a balanced position, setting out the benefits derived from Britain's membership of the EU and calling for an expansion of the union to the east.

Eurosceptics will approve of the commitment to defend Britain's veto and control EU spending, but will be disappointed that the paper will suggest only minor reforms to the

powers of the European Court, and no repatriation of power from Brussels.

Mr Cash, MP for Stafford, said: "It is absolutely essential that there are reductions of competence - in other words a reduction of the degree of European government."

"It is not enough just to throw a few tibbits. It won't work because it would be a failure of political will and a failure of political leadership."

Mr John Townend, chairman of the rightwing 52 Group, said the government could not count on his support. "My first responsibility is to Britain and the nation state," he said.

Mr Major is preparing to appease the party's sceptical wing by offering a referendum before Britain's entry into a single currency, but in doing so he will have to overcome

opposition from Mr Kenneth Clarke, the chancellor.

A referendum pledge would also spike the guns of the businessman Sir James Goldsmith, who plans to field Referendum party candidates at the next election. Tory Eurosceptics will have an early chance to express their views on the white paper on Wednesday in an adjournment debate secured by Mr Gill on the IGC.

The opposition Labour party may attempt to sabotage the flotation of Railtrack by withholding details of its own rail policy in the sale prospectus, it emerged yesterday.

The government hopes to publish a prospectus later this month with a view to floating Railtrack, the owner of Britain's track, signalling and stations, for around £1.5-£2bn in May.

## Citibank closes in on new HQ site

By Simon London, Property Correspondent

Citibank has drawn up a shortlist of three potential sites for its new London headquarters and is expected to make a final decision this month.

The US bank is considering Canary Wharf, the big office development in Docklands; Baltic Exchange, a City development site owned by Trafalgar House; and the proposed second phase of London Bridge City, an office complex on the south side of the River Thames.

Its search has revived fierce competition for tenants between the City, the traditional home of London's financial services industry, and Canary Wharf.

Last year Barclays de Zoete Wedd, the investment banking arm of Barclays Bank chose to move to Canary Wharf.

Two continental European banks - Deutsche Morgan Grenfell and ABN Amro - have since chosen to build new offices within the Square Mile.

The Corporation of London, the City's local authority, is trying to ensure that the Baltic

Exchange site can satisfy Citibank's requirement for 400,000 sq ft of space including large trading floors. Trafalgar House's existing planning consent covers only 350,000 sq ft.

The developer has been working with Corporation planning officials and English Heritage, the government agency responsible for historic buildings, on alternative plans.

Existing proposals involve preserving the old Baltic Exchange building, which is listed but was badly damaged by an IRA bomb in 1992, within a new structure. More office

space would be created if the old building was moved to a new site. There is no guarantee, however, that the US bank will choose the City.

Canary Wharf is owned by a consortium of investors including Prince al-Waleed bin Talal bin Abdulaziz of Saudi Arabia, who is also a big shareholder in Citicorp.

The bank's biggest central London building is already on the first phase of London Bridge City, which is owned by St Martin's Property Group, part of the Kuwaiti Investment Office.



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THIS WEEK

Eternal students earn wan smiles

Norbert Blum, the Bonn government's feisty labour minister, first cracked the joke about Germany having the youngest pensioners and the oldest students. But for those involved in higher education, the high age of graduates and the length of time taken to obtain a first degree have long since ceased to be a laughing matter.

Germany's eternal students are just one among many symptoms of a higher education system in crisis. At first sight there is a chronic imbalance between the 1.9m people registered as university students and the 970,000 places officially available to accommodate them.

DATELINE Bonn: Germany's system of government makes a solution to its protracted higher education crisis difficult, writes Peter Norman

national training, against only a quarter in the late 1970s. And the final examination is in most cases of a fairly high standard: the federal education ministry reckons that the German diploma is of a master's standard rather than equivalent to the bachelor's degree in UK universities.

Lack of organisation in universities makes the life of new arrivals especially fraught. For many freshers, the first semester at a German university is spent learning how the place works - usually by trial and error.

But for genuine students, financing study is difficult. Some 26 per cent of them make use of government loans for at least part of their needs. A recent survey suggested that 45 per cent rely mainly on parental support. But a good 30 per cent are working their way through university. Such "jobbing" can prolong their studies. It also contributes to a high level of late drop-outs.

found permanent jobs. There is no stigma attached to joining a company without a diploma. Some employers prefer to hire pre-graduates because they regard university courses as too theoretical.

Lloyd's at a crossroads

Ralph Atkins on a farewell to limbo

For Disgusted of Detroit, Wealthy of Woking and Broke of Berkshire, the phone-lines are open. At 8am today, 90 Lloyd's of London staff will start taking calls from investors - or Names - on statements which were dispatched last Friday and, for the first time, tell all 34,000 of them what Lloyd's complex recovery plans mean to them.

rida Name, insists: "You need to deal with the history, get the organisation out of the litigation and all that, and go forth and do business." If the recovery package succeeds, not only would thousands of Names be free to resign from Lloyd's but a new insurance market would emerge from the ashes, unencumbered by problems of the past.



"Substantial numbers of people are going to be appalled at how much money is going to be required of them"

Nevertheless, after five years of horrendous losses totalling more than £8bn, and with more unreported amounts still to feed through, a statement stating precisely how much a Name has lost in total "could knock a lot of people", according to Robert Miller, of the Association of Lloyd's Members.

"brinkmanship" by those at Lloyd's who could increase the £2.6bn settlement pot - including the managing agents which run syndicates. "It would be mad if the plan failed. If it did, it would be because Lloyd's has not got it's act together," de Laszlo says.

Such battles and brinkmanship will be played out at Lloyd's, in courts and in newspapers, until voting takes place in July. "We're all playing a game of chicken," says one council member.

NAMES IN THE NEWS

Harf bounces back to acquire Rimmel-Chicago

Peter Harf does not often stumble, so when he did recently there was plenty of speculation about what might be in store for the boss of Benckiser, the acquisitive German consumer products group, writes Michael Lindemann in Bonn.

Even though the company reported improved net profits of about DM100m last week, its return on sales does not look promising, especially compared with larger rivals like Procter & Gamble. On top of that, Benckiser is still lugging debts of DM1.5bn, reduced but still high in terms of sales.

Heads swivel to see James Packer

If there is one thing that can be expected from Australia's Packer family, owner of some of the country's biggest media assets, it is reluctance to talk to the media, writes Nikki Tait in Sydney.



Robert Chote - Economics Notebook

The woe of state and marriage

Labour modernisers have revived a disquieting debate. But it is one thing to preach marriage as a fine institution, another to propose using taxpayers' money to bribe people into it

The idea that the state should offer grants or loans to encourage marriage has a long but somewhat quiet history. It has been espoused during this century by characters as diverse as Beveridge, Hitler and Marshall Petain. It is one thing to preach that marriage is a fine institution; it is quite another to propose using taxpayers' money to bribe people into it.

They even argue that it is reasonable to subsidise married people at the expense of singles. Many advocates of policies to promote marriage would argue their case from a purely moral standpoint. But taxes and subsidies have economic costs, so does marriage bring with it any economic benefits that might compensate?

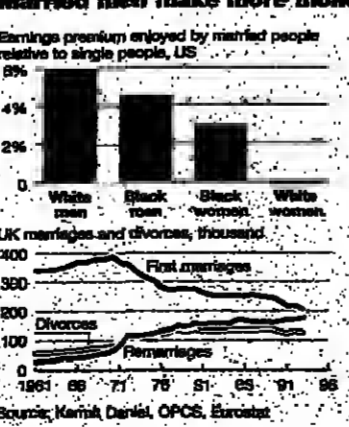


Table titled 'Marriage rates: EU comparison' showing rates per 1,000 population for various countries in 1991 and 1993. The EU average is 6.1.

paid work at home. But another argument for subsidy is that society benefits from having children brought up by married parents. As Patricia Morgan has argued: "Children of non-traditional families have higher rates of mortality and morbidity, are more at risk of abuse, more likely to become delinquent and go into care, and more likely to become involved in crime."

ANNOVER LESSE '96

Advertisement for Henley Management College. Text: 'THIS WILL STAY WITH YOU FOR THE REST OF YOUR LIFE'. Includes Henley logo and contact information: 'BUILDING PEOPLE - BUILDING BUSINESS'.





BUSINESS EDUCATION

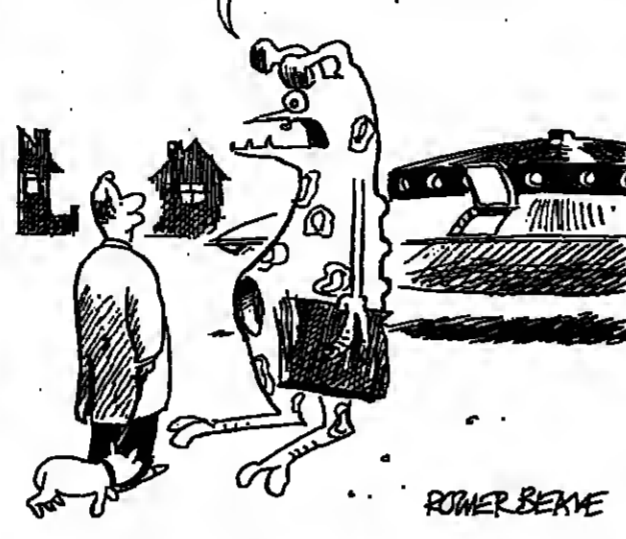
The Open University is drawing in a different order of business student, says Della Bradshaw

When more can mean better

In 1985 a dozen Ethiopian students graduated with a master's degree in business administration from the Open University in Milton Keynes...

By comparison, instead, one of the leading European business schools, based just outside Paris, has fewer than 450 MBA students.

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ROMER BEKKE

The flexibility to take a break if, for example, they change jobs. While other schools offer distance learning courses as an adjunct to full- and part-time courses...

teaching for both the MBA and the shorter diploma and certificate courses. "For us it's the only thing we do; we have to get it right."

week to the course - tutorials, residential courses and home study. They are usually in their mid 30s, unusually old for MBA students.

The OUBS has not just opened up business study to managers in the UK. Twenty per cent of students study outside Britain.

NEWS FROM CAMPUS

Courses consider company clients. Companies wanting to serve their customers better are the target group for a week-long executive course developed jointly by Harvard Business School and Insead.

CONFERENCES & EXHIBITIONS

MARCH 14 Successful Turnaround Strategies. A unique seminar for non-executive directors, venture capitalists and institutional investors...

MARCH 19 Seminar: For British Importers of Moroccan Quality Produce. Moroccan producers of fresh fruit and vegetables...

MARCH 19-21 Human Resource Development Week 1996. Meeting the Training Challenge. Firstly established as the premier event for HR professionals...

MARCH 21 & 22 Investment Climate in Eastern Europe. Sponsored by EIU, the European Institute for Business and Economics...

MARCH 25, APRIL 22, MAY 20 Economic and Monetary Union in Europe. This seminar will include coverage of the latest news...

MARCH 26 & 27 Leveraging Knowledge for Sustainable Advantage. A two-day conference exploring ways in which companies can capture, share and exploit their organisational knowledge...

MARCH 26, 27 & 28 Product Data Management Workshop. This free half-day seminar, organised by Workgroup Technology Corporation (UK)...

MARCH 27 Options Modelling. This course is designed for individuals who have a good understanding of the basics...

MARCH 27 The 5th MCS UK coal seminar - Beyond 1998. A one day seminar for the coal industry. A one day seminar for the coal industry...

MARCH 27 & 28 Derivatives Accounting. Accounting for Interest Rate Swaps, FRAs & Swaps, Financial Futures & Swaps...

MARCH 27-29 APRIL 18-20 & JUNE 8-9 Marketing for High Technology Companies. A weekend course exploring the practical aspects of marketing for high technology companies...

MARCH 28 Interchange 96. Strategic Investment Management Forum. Sponsored by Royal Bank of Scotland, S.W.I.E.T. Chartered...

MARCH 28 Major Projects. A one-day conference on the high-speed link to the Channel Tunnel, the Alpitank rail tunnel, the expansion of Zurich and Copenhagen airports...

APRIL 15 & 16 Effective Time Management. For executives who need to organise their time to increase levels of productivity...

APRIL 15, 16 & 17 International Payment Systems for Commercial, Investment and Retail Financial Institutions conference. Followed by one-day workshop Designing and Building a National Payment System...

APRIL 15, 16 & 17 Building Profitable Customer Relationships. The theory and practice of Project Finance. The theory and practice of Project Finance...

APRIL 15, 16 & 17 Software Development and Testing Series. Southway Park Hotel. Seminars and workshops topics include: Testing Methods and Techniques, RAD, Object Development and Testing, and Configuration Management...

APRIL 17-18 Strategies & Techniques for Business Continuity Planning. This major conference from Survive! The Business Continuity Group will address issues of interest to all involved in building greater business resilience...

APRIL 22-24 KPMG Fraud Action. KPMG Fraud Action uses proven video and workshop techniques to bring fraud risk - and its management - to life in small teams...

APRIL 23 & 24 BPM 96 - Business Performance Measurement. Europe's leading annual conference and exhibition on the use of non-financial performance measures for driving business strategy...

APRIL 24-25 Data Mining. Are you sitting on a gold mine? Organisations are amassing vast stores of data which, with the appropriate analytical tools, could reveal the secrets of their future success...

APRIL 25 & 26 Cashflow Analysis. The key role of cashflow in debt servicing and credit evaluation. Types of Cashflow Statement - Essential Principles - Preparing Cashflows - Historic and Projected - European Software Institute and BCS Configuration Management Specialist Group...

APRIL 26 - 3 MAY Software Development and Testing Series. Southway Park Hotel. Seminars and workshops topics include: Testing Methods and Techniques, RAD, Object Development and Testing, and Configuration Management...

MAY 21 & 22 Building Profitable Customer Relationships. The theory and practice of Project Finance. The theory and practice of Project Finance...

JUNE 5 & 6 The Way Forward Through Operations Management. Companies seeking success must streamline operations within the enterprise and throughout the supply chain...

JUNE 10-14 FIA/FOA International Derivatives Week Annual Derivatives Conference and Exhibition. Russia and options industry participants exchange views on the latest international business, regulation and compliance, technology and clearing issues...

NOVEMBER Hispania '96 "the Anglo-Hispanic Business and Arts Fair". The first Anglo-Spanish business fair will take place in London in November 1996. Information leading to this event is currently available to entrepreneurs, investors and other business people...

MARCH 28-30 The Third International Investment Forum. Monte Carlo. A privileged place to live, to invest and to operate business. International renowned specialists and top local officials address priority financial & business opportunities...

APRIL 3 & 4 Central & Eastern European Power Industry Forum. The latest and future developments in the electricity industry in Central and Eastern Europe. A Forum on ownership issues, privatisation, creative project financing, cooperation and cooperation opportunities...

APRIL 29-30 International Development Funding Forum 1996. Featuring top-level speakers from The World Bank, the EBRD, the European Commission, the IFC, Inter-American Development Bank, the United Nations, European Investment Bank, Morgan Grenfell and many others...

MAY 14-17 5th Annual Conference on International Securities Lending. Co-sponsored by ISLA (UK) and RMA (USA) this is the UK/European Securities Lending Conference to attend. Issues that influence leading markets worldwide will be discussed...

MAY 20/21 Financing Local Government. Conference - A Focus on Infrastructure Finance. Supported by MESA/MEAC/INTERNATIONAL. A landmark event in the development of local financing in Europe...

MAY 28-31 Geneva Conference - International Investment Into Emerging Nations. Twice yearly event that successfully brings together business leaders from Russia, East European States and Emerging States of Africa, with Western based International Finance companies and banks...

OCTOBER 14-18 Informatica - 96. Computers and Information Science Bank & Office - 96. Equipment for Banks and Offices. Russia's new privately-owned companies show a rapidly growing interest in computerisation as well as in efficient and reliable banking services...

APRIL 22-24 KPMG Fraud Action. KPMG Fraud Action uses proven video and workshop techniques to bring fraud risk - and its management - to life in small teams...

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The Chinese Business World The South East Asian Business World The South Asian Business World. Masters Degree or Postgraduate Diploma September 1996. These programmes are aimed at managers, entrepreneurs, consultants, business analysts or business journalists with a particular interest in China, South East Asia or South Africa...

CONFERENCES & EXHIBITIONS

SINGAPORE offers excellent back-up to computer experts. HERE'S data on other exhibitions.

Table listing various exhibitions and conferences from July to September, including Autofact Asia '96, Pro Audio & Light Asia '96, Asia Pacific Furniture Fair '96, Valves & Piping Asia '96, Compressors & Systems Asia '96, Filtration, Water & Waste Water Treatment Systems Asia '96, Pumps & Systems Asia '96, Heating, Ventilation, Refrigeration & Air-Conditioning Asia '96, Corrotex Asia '96, Pollutex Asia '96, Jewels of Asia '96 - Singapore, Made in Indonesia '96, Asia Pacific Theme Parks and Attractions '96, Comex '96, Optics '96, BookFair '96, Information Superhighway Summit Asia '96 Exposition, Moneyworld '96, Appliances & Electronics Asia, Intex '96 - International Textile, Trim and Ready-to-Wear Exhibition, Refining, LNG & Petrochem Asia '96, Offshore South East Asia '96 (AIF), COMDEX Asia at Singapore Informatics '96.

Form for requesting more information about the exhibitions. Fields include Name, Title, Company, Address, Telephone, Fax, and E-mail. Includes a section for Singapore Convention & Exhibition Calendar.

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## SPORT / ARCHITECTURE

## Silver age palaces of pleasure

There is more to a cinema than a screen and popcorn, writes Colin Amery

One hundred years ago this year, the first cinema opened in London. Last year, some 120m cinema tickets were sold in Britain. This surge in movie-going is, according to the film industry, due to the popularity of the latest multiplex cinemas. I suppose it is unlikely that many people go to the cinema to admire the architecture, but there is more to a cinema than screen and popcorn.

To mark the anniversary, there is an exhibition at the Royal Institute of British Architects (Helm Gallery, 21 Portman Square, London W1) about the architectural history of the cinema. It is an expedition into an architectural fantasy world that seems almost as remote today as the Valley of the Kings.

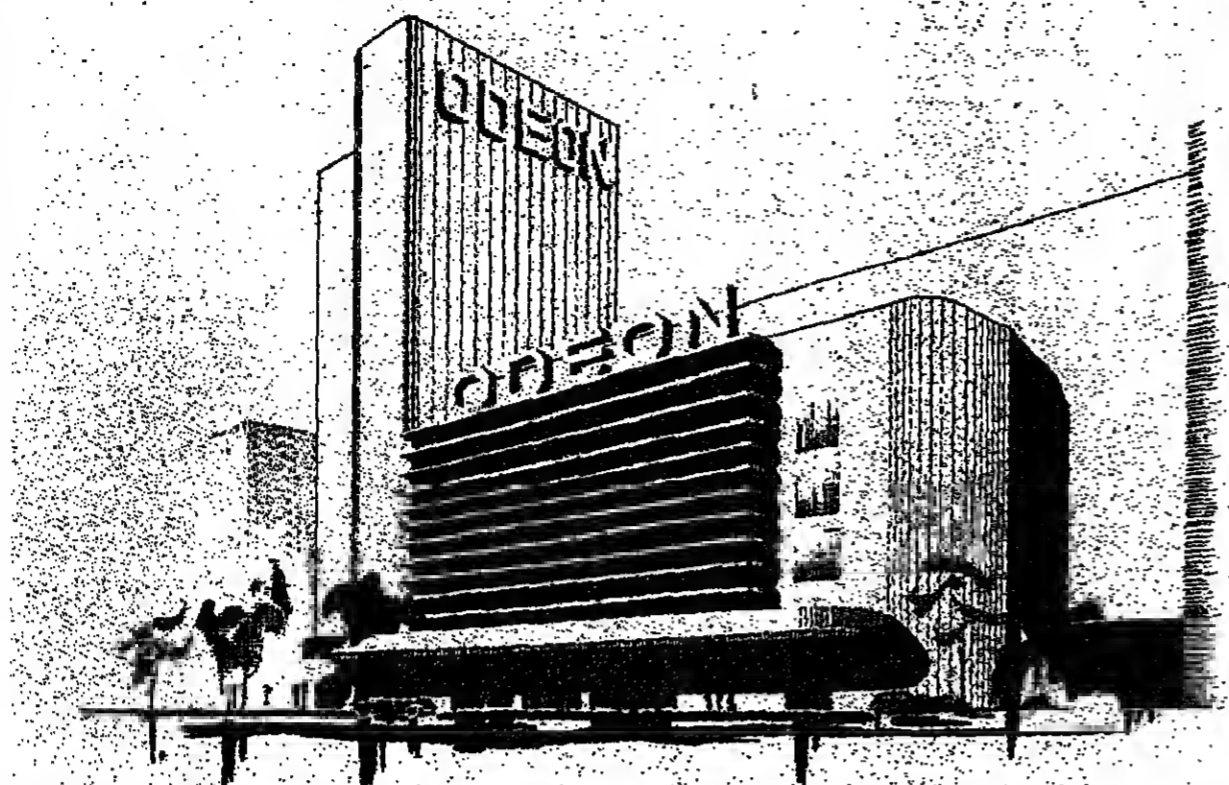
What is especially fascinating is to see how architects – most of them now forgotten – responded with such excitement to the challenge of building a new dream world. What is sad is the scale of the destruction of these palaces of pleasure in the latter years of the century.

The advent of television interrupted the halcyon days of the movie houses and many closed and were demolished. Today their extraordinariness is once again appreciated and some 90 cinemas all over Britain have been listed.

But what was it that made the early cinemas of the 1920s and 1930s so distinctive? Although around 4,000 cinemas were established in Britain by 1920, it was not until the mid-1920s that the "super cinema" arrived, much influenced by Hollywood.

The RIBA show has the marvellously evocative drawings of one of the first of these – the Regent in Brighton which opened in 1921 and was designed by Robert Atkinson. The plan was revolutionary, being the first fan-shaped auditorium seating some 2,500 people. The Regent was more than a cinema. It had two restaurants, a sea room and a dance floor on the roof. In its way it captured the romantic world of Rudolf Valentino – one where romance came before sex and life proceeded under permanently blue skies.

Atkinson was a great colour-



Odeons developed the idea of architecture as corporate advertising

ist, and he commissioned leading contemporary figurative artists to decorate the cinemas as he was designing for the Provincial Cinematograph Theatres Company. In Brighton there were huge Della Robbia glazed panels that enhanced the main elevation. It was not until 1974 that this cinema was completely demolished. Brighton thus lost the one cinema that made you feel you were watching movies in a setting as fine as the Royal Pavilion.

The other brilliant example of the 1920s "super cinema" is the Astoria in Finsbury Park, north London, designed by Edward Stone. The interior was conceived as a huge Mediterranean courtyard. The whole ensemble of painted roof-tops and whitewashed houses was beneath a domed ceiling upon which clouds were projected, swirling about as the stars came up.

The Astoria survives, although it has had a chequered recent history, being transformed from a venue for

rock concerts to its current use as an evangelical church.

Also surviving but now in use as a bingo hall is that great gothic cinema, the Granada in Tooting. This was designed by a stage designer, the Russian Theodore Komisarjevsky. It feels as though you are entering the great portal of Rielms cathedral. The auditorium is full of soaring pinnacles and niches where there were paintings of wimpled mediaeval ladies watching their first moving film. In the 1920s there were cinemas in the Chinese, Indian and Egyptian styles.

However, the 1930s saw the rise of an architecture that could now be described as the cinema style. In Britain this was developed by the two big chains, Odeon and Gaumont, which were anxious to establish their corporate identities. Modernism had arrived in Britain, too, and a cinema like the New Victoria in London is very much influenced by the work of Mendelssohn and Poelzig to be seen at the time in Berlin. It is now known as the

Apollo Victoria

The Odeon style was the creation of the Birmingham film fanatic and founder of the chain, Oscar Deutsch. He retained a Birmingham architectural practice, Harry Weedon and Partners, which developed the idea of architecture as corporate advertising. It was England's answer to Art Deco. Odeons spread all over England, as fast as McDonald's hamburger chain spreads today. All of them adopted a streamlined modern style, with interiors that were memorable for geometric carpet designs and glamorous riched stage curtains. They even developed their own lettering – the hexagonal "O" for Odeon is as distinctive as any logo.

Architects had a field day with cinemas, and only a few firms were employed. Harry Weedon in Birmingham enlarged his office from six to 140 employees in 18 months at the height of the cinema boom, and George Coles, who worked in partnership with Percy Adams, completed more than

60 cinemas. Coles's greatest work was the Gaumont State theatre in Kilburn. It opened in 1937 and was the largest cinema in England, with some 4,000 seats. With its tower, this ambitious building still stands, and is a landmark in north-west London. In turn, Coles's Troadero at London's Elephant and Castle stood out as a haven of elegance.

Unfortunately, cinemas have lost their romance, and with it their glamour, as well as the feeling that a visit to a movie-house was an occasion. The modern divided-up building with half-a-dozen tiny cinemas inside the space of a larger former one is an unattractive animal.

There is no space in which to circulate, no sense of a special occasion. The great Odeon foyers were impressive and stylish, like the old movies. Yet our concrete times need glamour even more. We will have to be vigilant about the remaining super cinemas, for we shall not see their like again in the next 100 years.

## Genius for rugby

Keith Wheatley on a force taking Bath forward



When Jack Rowell left Bath to become manager of the England rugby union team, there were two near-unanimous predictions. First, that the England side would start to play the kind of open, flowing rugby that Rowell preached. Second, that Bath might lose their total dominance of the club scene with the departure of Rowell after 17 years as the club's coaching guru.

Yet one year on we see a very different outcome. England may have won at Murrayfield and spoiled Scotland's hopes of a grand slam, but their performance was universally condemned as a negative display of forward power and penalty kicking. To millions of fans it looked like 1960s rugby come back to haunt them.

Bath, on the other hand, go from strength to strength. They are this season's favourites to win both the Courage league and Pilkington cup. Their brand of expansive, running rugby is a level above almost any other team in Britain, with the occasional exception of Sale and Wasps.

Insiders say that much of the credit should go to a quiet northern schoolmaster, Brian Ashton. He is in his seventh season coaching at Bath, but in the past year has stepped out of Rowell's shadow and accepted the spotlight. Ashton's vision drives the side.

"For the first four years I was simply coaching the backs," explained Ashton, before supervising evening prep at King's School, Bruton, in Somerset, where he is head of PE and teaches history. "But it gradually spread to trying to develop the forwards' handling and running skills, plus decision-making. As our vision of the game began to catch hold and widen, we began to think our forwards should be doing more than pushing at scrums and jumping at line-outs."

This encompasses far more than encouraging beefy props to run faster and pass more

often. It goes to the root of how each player perceives his role. "Traditionally in rugby, Numbers 8, 9 and 10 have been the decision-makers," says Ashton. "At Bath we tend to say: 'Look, if you've got the ball it doesn't matter what number you've got on your back. You're in charge of what happens next. And if you're stood next to that guy, you're responsible for ensuring continuity and flow in the game.'"

Ashton sees the key to Bath's ascendancy as the mid-1980s, when stand-off Stuart Barnes joined. Ashton had never encountered any player so competitive, so engrossed in winning, that it took the team to new levels of commitment. "Bath never want to stand still. That's now the root of the club's success. Now the players have got on a roll they'd just hate to be on a side that didn't win the double or whatever. It's a constant challenge," he says.

In his younger days he was a good scrum-half, on the fringes of the national side. He toured with England in 1975. "We've always tried to stay one step ahead of the game, but at the moment I think we're two or three steps ahead of most sides in the first division," he says.

Barnes, retired from playing and a writer and commentator on rugby, reciprocates Ashton's esteem. Says Barnes: "As a coach he would always come up with something original, throw the players an idea and ask them if they could make something of it. He certainly didn't have Jack Rowell's confrontational style of motivating people but is fantastic at asking questions that get a team thinking."

Ashton's style of going for minds rather than hearts shows in his enthusiastic appreciation of a recent campaign by his sixth-form pupils. At an early-season schools Sevens tournament, Ashton urged the Bruton side to see if they could go the whole 20-minute match without a kick.

Not only did they manage it but the boys unilaterally decided to adopt non-kicking as a 1st XV technique for the

rest of the term. "It was extraordinary. They won 11 games out of 12, scored an average of seven tries per match and beat our old rivals King's College, Taunton, 57-8. We hadn't beaten them in 26 years," says Ashton. "Although it obviously isn't feasible to 'ban' kicking in Division I rugby, I managed to convince the Bath players that this is the general direction we ought to be heading in, and we've begun to use some of the moves that the boys developed."

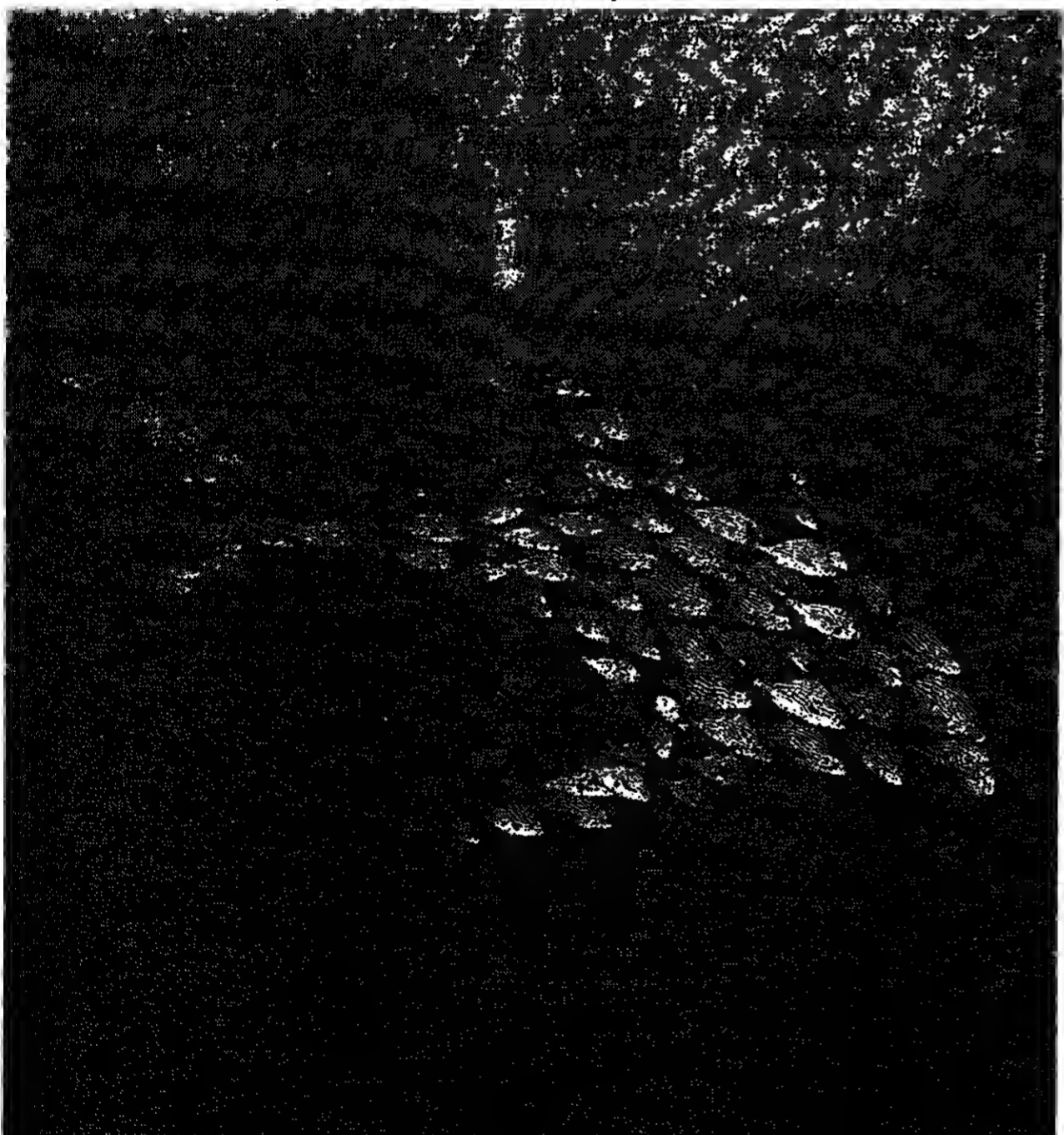
As top-level rugby union moves through its transitional stage towards full professionalism, Ashton comes closer to a personal dilemma. Bath's team train on Monday and Wednesday evenings. Ashton gives them his spare time and somehow it all works. "If the players become full-time or even part-time professionals, I'm sure they're not going to want to train from 7pm to 9pm on a weekday evening in winter.

"They're going to want to get it out of the way in the morning, then go off to the office or spend the afternoon with their families and live a more civilised life. . . They're going to want a coach at the same times and that would mean a big change in my life."

"I love teaching, love contact with the youngsters. It keeps your own attitude fresh. I've been a teacher since 1962. I've never been a full-time rugby coach. I'm 50 years old and I haven't got many more miles left in me. Perhaps five more years at the level I am now."

What will shape Ashton's decision is his belief that Bath have yet more to offer on a wider stage. "I wonder if the Courage league has served its purpose?" he asked. "The same four clubs seem to end up at the top of each division every season. It was introduced to shake up English rugby and improve standards, and it's done that now."

"The Anglo-Welsh league and the prospect of a European competition are all more exciting. The game needs new horizons and cultural challenges. There's no limits to how good we can be at Bath."



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## NATIONAL BUSINESS CONFERENCE & EXHIBITION: ERITREA'S MIRROR

The National Business Conference and Exhibition (NBCE) held from the 9th to the 17th of December, 1995 was launched to address the social, political, cultural and economic problems that are impediments to business and entrepreneurship development and to recommend ways and means of achieving stable growth in the next five years. The NBCE has come up with the following recommendations to foster an enabling environment for business development and entrepreneurship and in the process promote sustainable development through judicious distribution of resources and the optimal utilisation of external resources that will, in a programmed way, be replaced by internally generated resources.

### MACROLEVEL PLANNING, POLICY ANALYSIS & ECONOMIC REFORM MANAGEMENT

Strengthening the policy research and analysis capacity; improving forecasting and analytical methodology; improve public expenditure control; establishment of an integrated macroeconomic management information system; promotion of Government and private savings and their effective management to carry out macro-economic and management functions with special emphasis on coordinating policy analysis of overall macroeconomic weaknesses.

### PRIVATE SECTOR DEVELOPMENT

Review of legal and regulatory framework; strengthening investment offices; capital market development; enhancing the role of Chamber of Commerce as interlocutor; strengthening Professional and Entrepreneurial Associations; investment promotion entrepreneurship development programme; credit schemes for the informal Sector; improving information and advisory services; technology transfer, upgrading and extension service; strengthening of capabilities in extension service and marketing of viable rural technologies; business management training.

### PUBLIC ENTERPRISE REFORM/ RESTRUCTURING & PRIVATISATION

In tandem with the policy-legal measures, the government has implemented a series of administrative measures related to public enterprise reform including abolition of multi-firm public corporation as part of reducing the layers of decision-making and control organs; establishment of a Privatisation Agency to undertake divestiture of State owned enterprises.

### DEVELOPMENT AND IMPLEMENTATION OF REFORM MEASURES

Policy Review and Reform; establishing an effective management information; rationalisation and promotion of civil service training and skill upgrading; establishing organisational capacity for privatisation and creating and strengthening institutional and legal framework for privatisation.

### PROGRAMME FORMULATION, DEVELOPMENT & IMPLEMENTATION ARRANGEMENTS

This remains the bed-rock of the development programme for the next few years. It is expected to finance the development of programme areas in entrepreneurship and private sector development; management of economic and technical change; capital and technology; marine resources development, food security and environment; human development, human resources development and utilisation, infrastructure, rural and regional development.

For further information please contact:

The Asmara Chamber of Commerce  
Telephone: + 291 1 121388/120045, Fax: + 291 1 120138



BUSINESS TRAVEL

# A drive for technology

Competitive car-hire groups have found a reason to co-operate, says Amon Cohen

Collecting and returning a hire car is a notoriously irritating business. Not only is there a mass of paperwork covering insurance, licences and credit card payment, but there can be lengthy delays while the vehicle is checked for mileage, petrol consumption and damage.

Stimulated by the rivalry in one of the most competitive sectors of the business travel market, car-hire companies have been working on ways of cutting transaction time for their customers both at the beginning and end of the rental process.

Some offer a priority collection service which involves booking the rental over the telephone or computer and simply picking up the keys in exchange for showing your credit card. On return, many car-hire companies equip their employees with organiser hand-held computers to register return information as the car arrives in the parking lot.

The car-hire industry is poised to go a step further, and is evaluating technology developed by, among others, Texas Instruments. Using the new system, returning drivers will simply have to drive over an electronic pad in the ground.

This will record not only the vehicle registration and identification numbers, but what time the car returned, how many miles it covered, and how much petrol was left in the tank.

This is possible thanks to the transponder - a computer chip that responds to radio waves rather than direct contact. Under the system each car would be fitted with a transponder which would be read by an antenna loop in the pad

when the car is driven over it.

If implemented this could save a great deal of time. John Allen, project manager for the British Vehicle Rental and Leasing Association, says it might soon "not be necessary for a driver to do anything apart from park their car and get out of it".

The transponder will also eliminate arguments, especially at locations where there is no attendant and drivers are obliged to fill in details and leave them in a box.

"With this technology, there can be no dispute over the accuracy of return time and data," says Allen. So far, 60 car-hire companies have bought the technology, although Avis has "flirted with it" in the UK and Italy, according to Chris Fisher, Avis Europe's director of planning and analysis.

In the US, Alamo Rent A Car has also investigated transponders, but does not intend to introduce them this year, says Gillian Shearer, senior sales and marketing director.

However, the chances of introducing transponders now look better than ever thanks to an initiative from the UK rental and licensing association and the European Car and Truck Rental Association.

But customer service is not the main reason for pressing ahead with the technology - companies are concerned about security, which

is why they are prepared to co-operate on the issue.

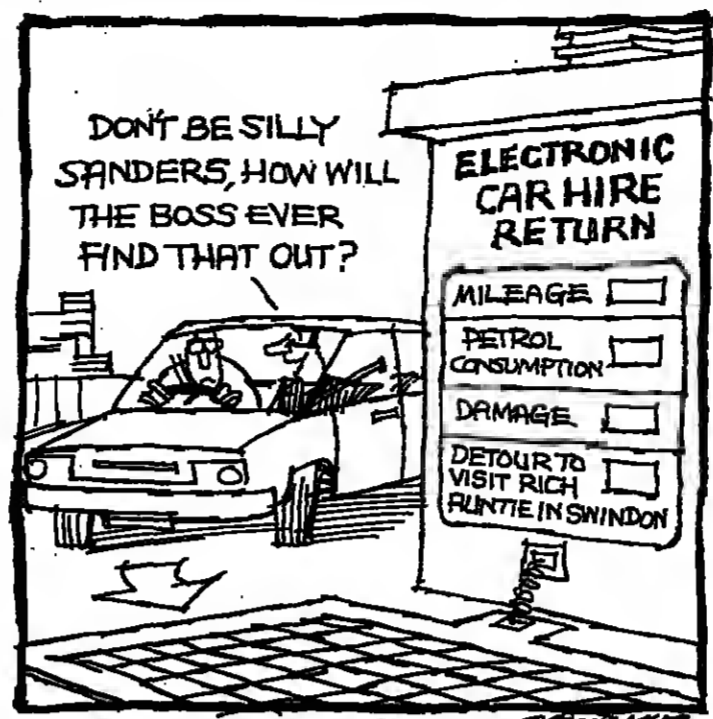
According to David Hislop, sales and marketing manager of Texas Instruments Registration and Identification Systems, tough security systems are necessary because of a particular feature of the car-hire industry.

"Car-hire companies are unusual because they are giving a very valuable asset to people that they know very little about," he says. This trust has been breached in recent years, with a worrying tendency, in particular, for cars hired in western Europe to be smuggled outside the European Union to eastern Europe, normally through Poland.

Transponders may be the solution to the problem, and the licensing association met Texas Instruments and Customs and Excise recently to discuss the issue. Texas Instruments is proposing to fit antennae at every port and customs post in the EU, where officials would be equipped with computers which could alert them when a car authorised for travel only in the EU tried to cross the Union's frontiers.

Such a measure would frustrate thieves and ultimately, says John Allen, prevent car-hire tariffs from rising.

Nor would criminals be able to circumvent the problem by removing the transponder chips from cars. "A transponder is only the size



of a 5-amp fuse, so they would be hard-pushed to find where we had hidden it in the car," says Allen.

Another security measure being considered is the use of transpon-

ders to immobilise rental vehicles. Many new vehicles are already fitted with these devices: a chip in the key head prevents the operating system from functioning unless the correct key is inserted. In a rental

vehicle, a transponder could be used to immobilise it after the hire period has elapsed.

As a bonus, car-hire companies could also use transponders to eliminate internal fraud. If an antenna pad were placed near company petrol pumps, only authorised vehicles - not staff cars - would be able to draw any fuel.

With so many apparent benefits, one might expect transponders to be fitted in every hire car by the end of next week. After all, the technology is there, and is similar to the systems being considered by the UK government for use on private toll roads.

The stumbling block is that capital costs may prove prohibitive: Malcolm Kyle, security manager at Hertz UK, who is also on the licensing association's security committee, says transponders could be "a solution to a big problem."

"The European car-hire industry is losing large amounts of vehicles every year. But we are talking about fitting transponder technology at every border post, every port and every rental vehicle," adds Kyle. "There are 1.5m [hire cars] on the road in Europe at any one time, and most hire companies replace their fleets after less than a year."

Despite that upbeat assessment, there is no guarantee that transponders will be introduced. In the meantime, however, civil liberties campaigners may start considering other implications of transponders.

If they were installed at all frontiers and goodness knows where else, would we be happy that computers were tracking us wherever we drove?

## Guard offer for Russia

UK travel agents are prepared to provide armed bodyguards for British visitors to Russia, it was revealed last week. The news follows the death of Scottish lawyer John Hyden who was caught in the crossfire of a shooting in a St Petersburg hotel last month.

The Foreign Office in London has already warned tourists to Russia to exercise caution, especially in Moscow and St Petersburg. "We can and will provide armed bodyguards if they are asked for," said Mike Chandler, chairman of Russian specialist tour operator Worldmark Travel.

Keith Barton, head of corporate affairs at the Association of British Travel Agents, said that independent or business travellers to Russia were most at risk.

Travellers are warned to be vigilant, to dress down - and to keep jewellery, watches and cameras out of sight. Visitors to Moscow should be especially wary of groups of young vagrants.

The airport at Hue, in central Vietnam, will be closed for three months from April 1 for a £1.9m renovation and extension of the runway. Passengers can fly to Da Nang and be bussed to Hue.

### Travel News • Roger Bray

#### Pressure on US fares

Air fares to and within the US look likely to come under increasing upward pressure. European airlines reported record north Atlantic load factors for the 10th consecutive month in January, and US domestic airlines are turning in profits again after nearly piling into a black hole.

The Association of European Airlines says north Atlantic flights by members, which include British Airways, Air France, Lufthansa and other large airlines, were on average 64.1 per cent full in January, which is usually a slack month. Traffic across the Atlantic rose by 8.7 per cent, in spite of the blizzards on the US east coast.

Research by Reed Travel, which publishes the Official Airline Guides, contains yet more cautionary news. The number of airlines going bust in the US last year exceeded the tally of new ones. Big carriers desperate to cut costs have pruned or partly absorbed their franchised commuter operations. Some small operators, not sheltered by the marketing umbrella which the large carriers afford, have been dropping by the wayside.

When the dust settles, travelling will be more predictable, with services less likely to vanish overnight. The downside: softer competition and fewer spectacular bargains.

#### Sharp electronic eye

Big Brother may be watching you. Travellers tempted to switch airlines or pump up hotel spending - either to ensure an upgrade or earn more frequent-flyer or loyalty points - beware. Travel agency Carlson Wagonlit is developing software which will flag a warning when people are infringing travel policy.

Nobody knows how much UK companies, for example, spend unwittingly indulging executives' travel comforts and perks, but some agents estimate it could be as much as £200m a year. As Richard Lovell, UK managing director of Carlson Wagonlit, points out, some companies are stricter than others.

However, he believes the impact of employees trying to earn additional airline points is relatively slight. Agents booking executives on unnecessarily tortuous routes with the same end in mind would quickly forfeit business. His company's

Quality Manager system will allow travel managers to spot offenders even before they take a taxi to the airport.

#### Cheaper way to Jo'burg

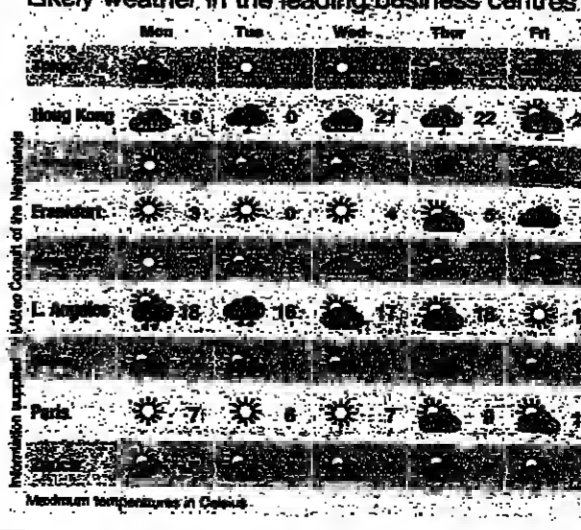
Out-price alternative on the London-Johannesburg route: Bluebird Express has got permission from the South African government to sell charter seats at either end of the route without dressing them up as package holidays. It may also offer single fares. A 10-day advance purchase return in Caledonian Airways' Highland first class costs £719 - the single fare is £455. There are two round-trips a week from London Gatwick on Mondays and Thursdays. Seat pitch is 38 inches. That compares with about 44 inches with South African Airways, where the lowest business class return fare is £2,090; and 50 inches in British Airways' re-vamped Club World. The lowest fare with BA in Club World is £2,235.

Paris prices held. Dining in Michelin-starred restaurants can be painfully expensive. So it is heartening to see that at least one exalted Paris restaurant has held its price firm in check. The new edition of Michelin's red guide to France elevates Arpege in the Rue Varenne, in the seventh arrondissement, from two stars to three-star status. Specialities include smoked chicken with foie gras ravioli. And for the time being, at least, its cheapest set lunch costs the same FF290 (£50.51) as in 1994. Les Elysees at the Hotel Vernet, in the eighth arrondissement's Rue Vernet, has been given two stars.

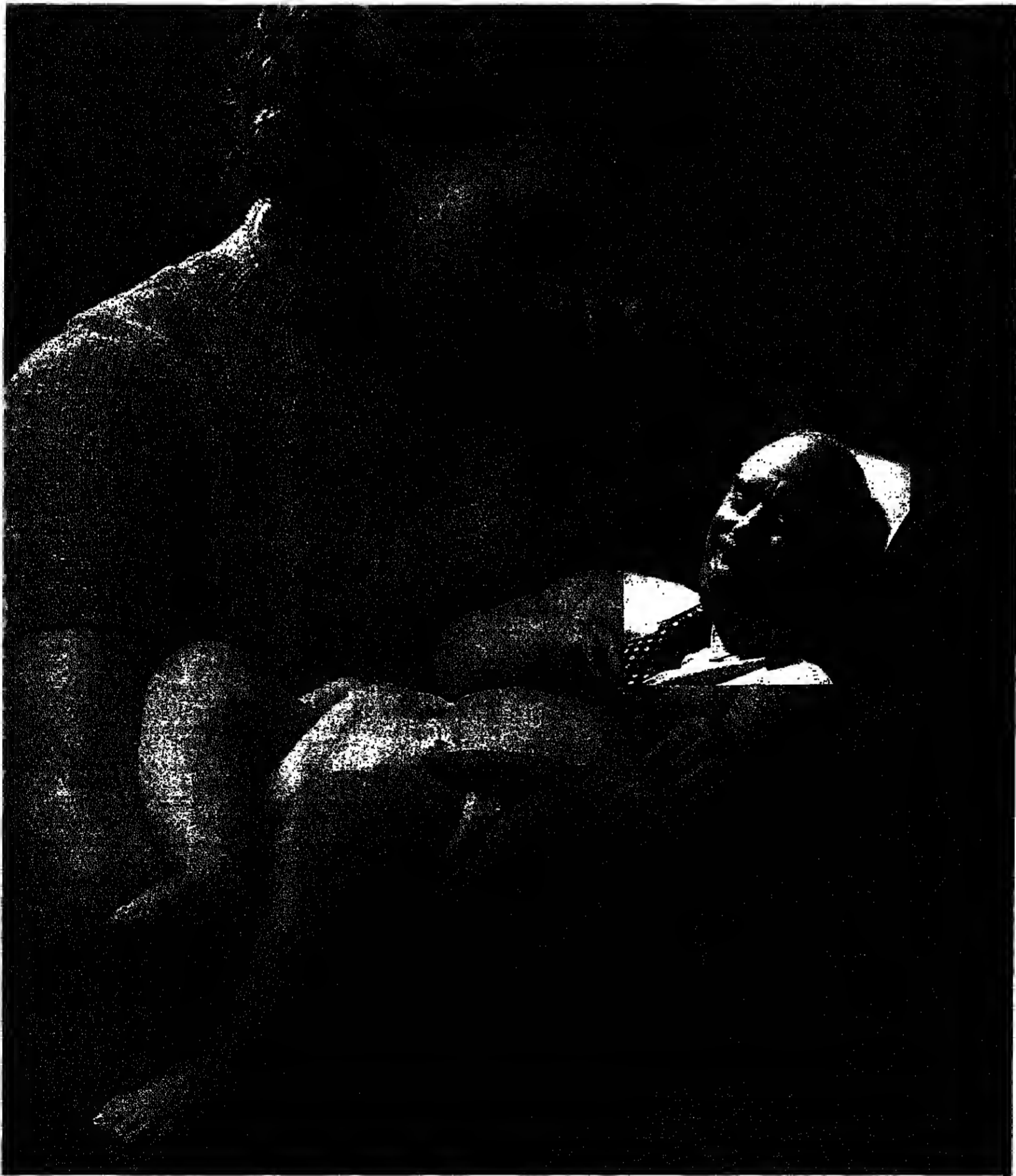
Useful one-star additions outside Paris include Michel Sarrazin in Toulouse, handy for those with Airbus contracts, and two in Troyes: Auberge de Ste-Marie and Clos Juliet.

Strong stuff. That most delightful of hotels, 42 The Calls, in central Leeds, lists its cellar contents on labels stuck to three-litre Cotes de Blaye bottles from Bordeaux, which are put in the hotel rooms. "We asked the suppliers to fill them with coloured water," says conference and sales manager Helen Tremlett, "but it was cheaper to buy them full of wine."

#### Likely weather in the leading business centres



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ARTS  
GUIDE

**CHICAGO**  
Chicago Opera's 1995-96 season comes to a close with three cycles of *The Ring* starting tonight at the City Opera House. The Chicago production, conceived by Zubin Mehta, staged by Robert Hildesheim and designed by John Crowley, brings together many of the world's leading Wagner singers, including Birgit Nilsson, Marilyn Horne, and Siegfried Jerusalem. The second cycle starts on Tuesday with *Lohengrin* with Lewis Allen singing Brunhilde.



**BUDAPEST**  
Since it was first held in 1981, Budapest's Spring festival has developed into Hungary's biggest arts event. The 1996 programme, opening on Thursday, features the Cleveland Orchestra, the Marthe Graham Dance Company, the Budapest Festival Orchestra and staged performances of Wagner's *Parsifal*.

**LONDON**  
Sam Mendes's (below) acclaimed staging of Stephen Sondheim's *Company* transfers from the Dorset Theatre on Wednesday, joining Mendes's Dorset staging of *The Glass Menagerie* in the West End (at the Comedy Theatre). The cult play of the cult novel *Train Spotters* (not to mention the cult film) transfers on Thursday to another West End theatre, the Whitehall. The adaptation is by Harry Gibson. The novelist Irvine Welsh is

very much in the public eye; his subsequent novel *Trainspotting* has recently taken to the stage at the Glasgow Citizens Theatre. Pianist Chick Corea (next right) opens Jazz at the Barbican tonight, with a quartet which features saxist Bob Berg. Later in the month there are concerts by Andy Sheppard (right) and John Surman. The season closes with a rare UK date, in June, for swinging pianist Oscar Peterson.



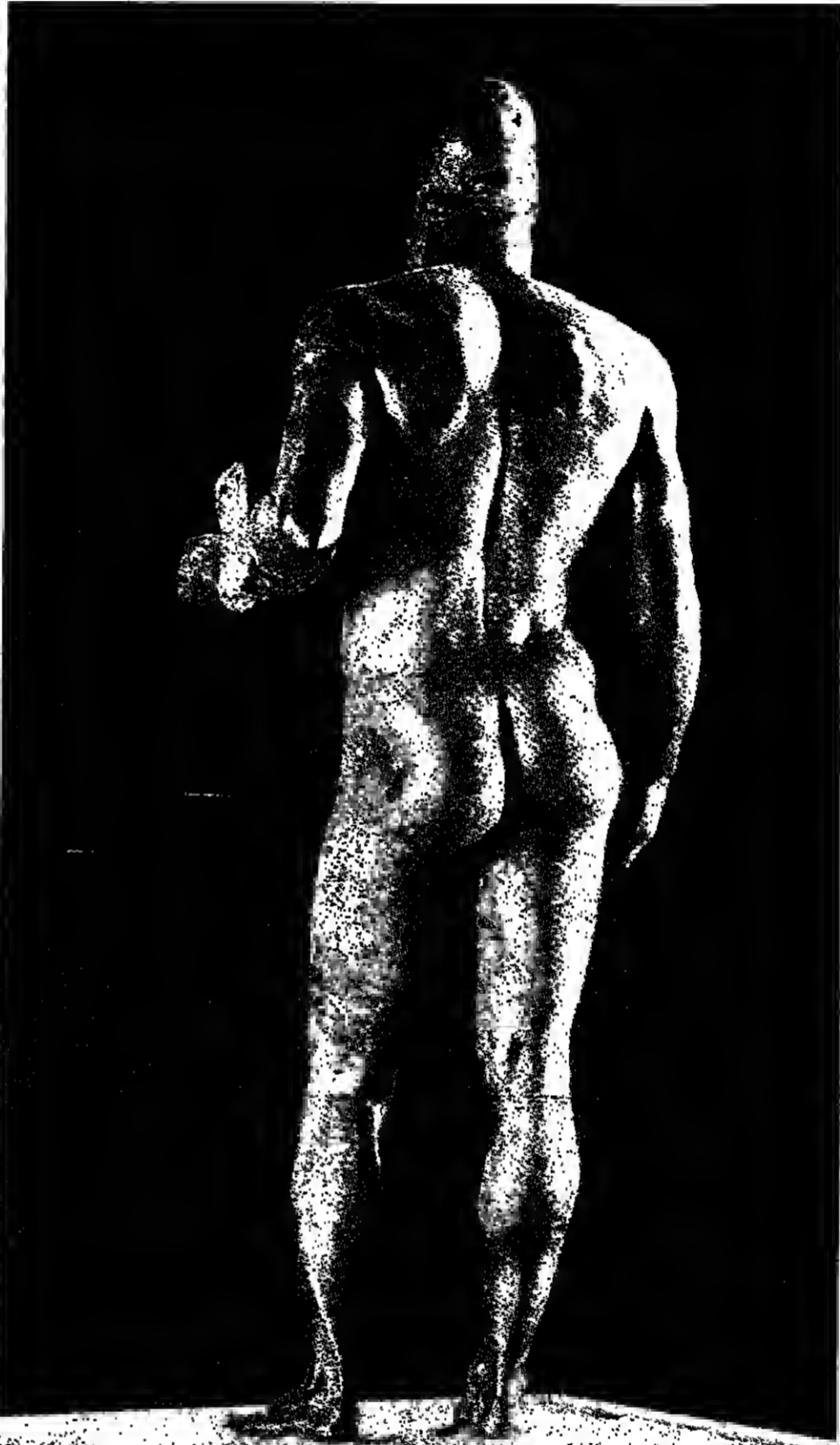
# Riace bronzes back on their feet

## High-tech meets ancient Greece in Reggio Calabria. Robert Graham reports

**I**n a neat paradox, one of Italy's most unlovely cities hosts two of the country's most stunning works of art. The city in question is Reggio Calabria, which was near levelled by an earthquake at the turn of the century and whose hideous recent building has broken every rule in the planning book. But a visit to Reggio's archaeological museum will instantly erase these unappealing surroundings. The museum houses the so-called Bronzes of Riace. These are two of the finest and best-preserved bronze statues to survive from the Greek classical period, which were fortuitously found embedded in sand off the Calabrian coast near Riace by an amateur diver in 1972. The grace and sheer presence of these extraordinary male figures (to say nothing of their sensuality) made them instant celebrities. Requests to exhibit them round the globe flowed in, including for a special guest appearance at the Los Angeles Olympics. However, these 2500-year-old statues - probably representing Greek heroes - have only left Reggio once. This was for a five-year-long restoration in Florence which lasted until the end of 1980. Advantage was then taken for their brief exhibition first in Florence, then in Rome where they enjoyed the rare honour of being displayed in the presidential palace. The statues have just undergone a second and more complex restoration and conservation treatment. But now they are back on display in a specially controlled protective environment and balanced on innovative seismic proof stands because the danger of earthquakes in Reggio remains serious. The second restoration was necessary because during centuries on the seabed the casting cores inside the statues had absorbed substances harmful to conservation. Some 60kgs of earth was eventually extracted from each of the two statues. More importantly, the cleaning process provided archaeologists and scientists with precious new knowledge about Greek methods of casting bronze and statue-making. Indeed, the discoveries have opened up a new debate on existing theories about how

the great Greek bronzes of the 6th-4th centuries BC (with such master sculptors as Phidias) were produced. Until now, scientific knowledge of Greek bronzes has been exclusively related to the external surfaces. Thanks to funding and the technical assistance supplied from an array of companies within the Finmeccanica group (a state-controlled holding company), extensive "internal excavation" was possible. Borrowing from medicine, scientists developed endoscopic techniques to poke around inside the statues. By laying the statues flat on "hospital beds", it was possible to penetrate their bodies through holes in the soles of their feet using thin articulated metal arms. Mounted on these arms were micro-television cameras and ultra-sonic cleaners (like those used by dentists). The introduction of micro-television led to an extraordinary revelation. The cameras showed the sculptor/sculptors had made the inner casting cores from hundreds of thin slabs of clay mixed with animal hair, probably to give greater strength. These slabs, rather like strips of laggina, had been wrapped spirally around internal iron bars, which formed the "skeleton" for the statues. Although archaeologists are not completely certain, this suggests the statues were created by free-hand modelling. In other words the sculptor did not start with a clay model which was then reproduced by a system of moulds of individual sections of the body as originally thought. Instead the artist made a non-reproducible model which was then coated in wax prior to casting. No Greek author refers to this technique, which was not adopted until Cellini during the Renaissance. The casting process itself was done in sections, and then subsequently joined. The cameras also showed just how sophisticated the joins were. But if it is now clear how the statues were made, the figures' identities are still shrouded in mystery. Dating techniques place one statue around 460-50 BC, the other some 20 years later around 430-410 BC. One theory has

them representing two famous Athenian warriors at the battle of Marathon transformed into heroes - the height and proportions of both being exaggerated above the scale of the human body to emphasise their heroic nature. The quality of the workmanship suggests them to be part of a group of statues made by several artists for the first monument in Athens commemorating the victory of the Athenians over the Persians at Marathon. The likely artists were from the circle of Phidias, perhaps one by his son another by a prominent pupil. A second theory has them simply as heroic figures of the Greek classical period. This makes it easier to explain why the statues were to be found in the waters of the Ionian Sea far from mainland Greece. But were they being transported from Greece to Magna Graecia? Or were they already in Italy as part of war booty and being transported from one place to another? Investigation at the time of discovery and subsequent searches has provided no positive sign of a ship-wreck. Thus the statues could even have been dropped overboard during a storm. Furthermore the similarity between the two could have been an early example of the Romans' predilection for the antique trade, with a merchant anxious to show how it was possible to reproduce the likeness of a Greek hero. The visual splendour of the statues, combined with their fascinatingly incomplete history, has placed the Riace Bronzes among the most important objects from antiquity in Italian museums. However, they remain very inaccessible. Legislation regulating Italy's cultural heritage stipulates that objects must be displayed in the region where they are found - regardless of their provenance. In the case of Riace, the nearest museum is at Reggio, which already had a good collection of Hellenistic and Roman objects. But Reggio sits on the toe of Italy, too far away and too expensive for the bulk of the Italian public and tourists to contemplate visiting. Of late fewer than 100,000 people have been going to see the bronzes each year. Though visible almost continuously throughout the restoration process, attendance last autumn on some months was down to a mere 4,000. This compares to the long queues when on display in Florence and the 16,000 a day during their brief sojourn in Rome.



Grace, presence and sheer sensuality: one of the 2500-year-old Greek bronze statues which have just undergone a complex conservation treatment

# Opera in Geneva/Andrew Clark Mozart all at sea

**H**as Renée Auphan lost her touch? Her first Geneva season had to be put together quickly in some haste, but this hardly explains the *few pas de L'Enfer* and *Die Entführung aus dem Serail*. Each fell victim to a misguided production idea and weak musical direction. What passed muster in Lausanne - where Auphan spent 11 years before moving to Geneva last summer - is not necessarily good enough for the international spotlight. Dieter Kaegi's production of *Entführung* beggared belief. It was set aboard a 1950s luxury cruise liner, which had no more connection to Mozart's Turkish setting than Geneva does to Constantinople. The Pasha was a rich playboy, his "harem" consisted of male and female guests who divided their time between the ship's bar, the swimming pool and the promenade deck, where they approvingly watched the Pasha force his unwelcome attentions on Konstanze. A photographer snapped every one as they boarded during the overture, and the "abduction" was attempted in a dinghy slung over the side. The libretto had been altered to suit this scenario, so it was never clear what Belmonte or

Blonde were doing on board. Balancing innovation with respect for the composer is never easy, but a few basic principles need to be followed. One is that updated settings must remain true to the situations of the original. Another is that the staging must cohere with the music. On both counts, the Geneva *Entführung* fell flat on its face. Mozart's music speaks eloquently of a clash of cultures - but apart from the rude sound of the ship's horn, the only anachronistic element in turban and baggy trousers. The libretto speaks of fidelity, tolerance and forgiveness - but this production spoke only of trivialities. William Orlandi's expensive shipboard settings were calculated to create an "effect", and the Geneva audience, duly applauded. But they swamped the poor singers, who might as well have been reciting "A Life on the Ocean Wave". As Konstanze Mariella Dewa struggled in vain to throw off the image of a frigid frump - though she has the vocal equipment for the part. Bruce Ford's Belmonte was bland and poorly projected, and Günter Missenhardt's Osmin has seen better days. None was helped by Dietfried Berner's stolid conducting.

# Jazz/Garry Booth Gurtu's secret weapon

**S**axophonist Jan Garbarek plays Lap folk songs on one record and against Gregorian chants on another; pianist Bheki Mseleku owes as much to the South African township as he does 52nd Street; hypnotic hip-hop and reggae drum patterns are now the backbone of Courtney Pine's work. Is jazz becoming the miscellaneous tray of music? Or is the art of improvisation extended and enriched by the sound of didgeridoos and Gambian thumb pianos? Yes, in safe hands, it is. The Indian percussionist Trilok Gurtu, who last week embarked on a European tour at the Festival Hall, takes "crossover" a stage further by making his exotic orchestra of percussion the focus of a small group. Where lesser percussionists might sound over-extended centre stage, Gurtu leads through sheer exuberance and firepower. He squats on the floor surrounded by cymbals, gongs, shakers, rattles and sticks; a modified snare drum and high hat are used for conventional rhythm accompaniment.

The secret weapon is the tabla: Gurtu's first instrument, which he started on at the age of six. Billed as the Crazy Saints - Andy Emiler (piano), Dave Gilmore (electric guitar) and Chris Minh Doky (bass) - the quartet makes a sylvan form of jazz rock which is marked by sharp mood changes. While Gurtu rummages among the shells and husks which make up his shakers, heroic guitarist Gilmore works out a serpentine solo feature which verges on the heavy metal. By changing to snare and cymbal, Gurtu turns the group dynamic on a dime to colour a sonorous and sensitive double bass excursion from Minh Doky. Absorbing though Gurtu's colouring is, blistering tabla work is what the people want. The 44-year-old squeezes an extraordinary range of sounds from the Indian classical drum. Even as the beats-per-second meter approaches the red line, Gurtu raises the percussive effect by simultaneously scattering a clacking vocal counterpoint. Jazz rock fusion needs a new voice and Gurtu has got it.

**INTERNATIONAL ARTS GUIDE**

**AMSTERDAM**  
CONCERT  
Concertgebouw  
Tel: 31-20-5730573  
● Benjamin Schmid and Tanja Tetzlaff: the violinist and cellist perform works by Ravel, Ysaye, J.S. Bach and Kodaly; 8.15pm; Mar 13  
OPERA  
Het Muziektheater  
Tel: 31-20-5518117  
● *L'Incoronazione di Poppea*: by Monteverdi. Conducted by Christophe Rousset and performed by De Nederlandse Opera; Mar 12, 14, 17 (2.30pm)

**BERLIN**  
CONCERT  
Konzerthaus  
Tel: 49-30-203092100/01  
● Orchester der Deutschen Oper Berlin: with conductor Rafael Frühbeck de Burgos perform works by J.S. Bach, Mozart and Beethoven; 8pm; Mar 14  
OPERA  
Deutsche Oper Berlin  
Tel: 49-30-3438401

● Andrea Chénier: by Giordano. Conducted by Rafael Frühbeck de Burgos and performed by the Deutsche Oper Berlin; 7.30pm; Mar 15

**BONN**  
OPERA  
Kunst- und Ausstellungshalle der Bundesrepublik Deutschland  
Tel: 49-2281-8171200  
● *Giocattelli*: by Carné. Conducted by Carmen Carneal and performed by the Oper Bonn and the Orchester der Beethovenhalle Bonn; 8pm; Mar 14, 15, 16, 17

**COPENHAGEN**  
DANCE  
Det Kongelige Teater  
Tel: 45-33 14 10 02  
● *Romeo and Juliet*: a choreography by Frederick Ashton to music by Prokofiev, performed by the Royal Danish Ballet; 8pm; Mar 13, 16

**GHENT**  
OPERA  
De Vlaamse Opera  
Tel: 32-9-2230681  
● *La Forza del Destino*: by Verdi. Concert performance by De Vlaamse Opera, conducted by Daniel Lipton; Mar 12, 14

**HANOVER**  
THEATRE  
Niedersächsisches Schauspielhaus Tel: 49-511-321133  
● *Death of a Salesman*: by Arthur Miller (in German). Directed by K.D. Schmidt. The cast includes

Schorries, Simon, Rasch, Mahlberg, Baumgartner and Brandhuber; 7.30pm; Mar 12, 14

**LONDON**  
CONCERT  
Wigmore Hall Tel: 44-171-9352141  
● Ralph Kirshbaum: the cellist performs J.S. Bach's solo suites Nos. 2, 5 and 6; 7.30pm; Mar 13  
DANCE  
Royal Opera House - Covent Garden Tel: 44-171-2129234  
● The Royal Ballet perform the choreographies *Rhapsody* by Frederick Ashton to music by Rachmaninov and *The Invitation* by Kenneth MacMillan to music by Seiber, new works by Ashley Page and Matthew Hart to music by Liszt and Britten; 7.30pm; Mar 13, 15  
OPERA  
London Coliseum  
Tel: 44-171-8350111  
● *Don Pasquale*: by Donizetti. Conducted by Maria Hegarty and performed by the English National Opera; 7.30pm; Mar 12, 14

**LUXEMBOURG**  
CONCERT  
Théâtre Municipal Tel: 352-470895  
● Orchestre Philharmonique du Luxembourg: with conductor Gerard Oskamp and pianist Howard Shelley perform Beethoven's Piano Concerto No. 4 in G, Op. 58 and Liszt's Faust Symphony; 8pm; Mar 14

**MILAN**  
OPERA  
Teatro alla Scala di Milano  
Tel: 39-2-72003744  
● *Nabucco*: by Verdi. Conducted

by Riccardo Muti and performed by the Teatro alla Scala. Soloists include Renato Bruson, Mariana Pentcheva and Carlo Colombara; 8pm; Mar 12, 14, 16

**MUNICH**  
OPERA  
Nationaltheater  
Tel: 49-89-21851920  
● *Sere*: by Handel. Conducted by Ivor Bolton and performed by the Bayerische Staatsoper. Soloists include Ann Murray, Kathleen Kuhlmann, Christoph Robson and Julie Kaufmann; 7pm; Mar 13

**NEW YORK**  
CONCERT  
Avery Fisher Hall  
Tel: 1-212-875-5030  
● New York Philharmonic, with conductor Leonard Slatkin and percussionist Evelyn Glennie perform works by R. Strauss, MacMillan, Chabrier, Satie and Ravel; 7.30pm; Mar 12  
OPERA  
Metropolitan Opera House  
Tel: 1-212-362-6000  
● *La Forza del Destino*: by Verdi. Conducted by James Levine and performed by the Metropolitan Opera. Soloists include Sharon Sweet, Plácido Domingo and Vladimir Chernov; 8pm; Mar 12, 16 (1.30pm)

**PARIS**  
CONCERT  
Salle Pleyel Tel: 33-1 45 81 53 00  
● Orchestre Philharmonique de Radio France: with conductor Stanislas Skrowaczewski and

clarinetist Sabine Meyer perform Mozart's Clarinet Concerto, Panufnik's Nocturne and Shostakovich's Symphony No. 10; 8pm; Mar 15  
OPERA  
Théâtre de l'Opéra Comique  
Tel: 33-1 42 44 45 45  
● *Il Barbiere di Siviglia*: by Rossini. Conducted by Stefano Ranzani and performed by the Opéra Comique and the Ensemble Orchestral de Paris; 7.30pm; Mar 13

**SAN DIEGO**  
EXHIBITION  
Museum of Photographic Arts Tel: 1-619-238-7559  
● For my best beloved Sister: An Album of Photographs by Julia Margaret Cameron: more than 100 images from an album Cameron presented to her younger sister, Miss Jackson, in 1863. The first American showing of the album that features rare views of family life in 19th-century England; from Mar 13 to May 14

**STOCKHOLM**  
OPERA  
Kungliga Teatern - Royal Swedish Opera House Tel: 46-8-7914300  
● *Le Traviata*: by Verdi. Conducted by Kjell Ingebrigtsson and performed by The Royal Opera Stockholm; noon; Mar 12

**STRASBOURG**  
THEATRE  
Théâtre National de Strasbourg  
Tel: 33-89 52 17 63  
● *The Seagull*: by Chekhov (in French). Directed by Alain Françon,

starring Dominique Valade, Clovis Cornillac, Jean-Pierre Dougnac and Valérie Drévillo; 8pm; from Mar 12 to Mar 16

**STUTTGART**  
OPERA  
Staatstheater Stuttgart Tel: 49-711-20320  
● *L'italiana in Algeri*: by Rossini. Conducted by Gabriele Ferro and performed by the Oper Stuttgart. Soloists include Roland Bracht, Gabriela Herrera, Etsuko Kanoh and Gustavo Gilbert; 7.30pm; Mar 13, 18 (8pm)

**VALENCIA**  
CONCERT  
Palau de la Música i Congressos  
Tel: 34-6-3375020  
● Vladimir Ashkenazy: the pianist performs works by Beethoven and Chopin; 8.15pm; Mar 13

**WASHINGTON**  
CONCERT  
Concert Hall Tel: 1-202-467-4600  
● National Symphony Orchestra: with conductor Hugh Wolff and violinist Cho-Liang Lin perform works by Stravinsky, Haydn, Bolcom and Beethoven; 7pm; Mar 12

**OPERA**  
Opera House Tel: 1-202-416-4800  
● *Così fan tutte*: by Mozart. Conducted by Richard Brackshaw and performed by The Washington Opera. Soloists include Pamela Coburn, Jan Grissom, Dolores Ziegler, Richard Croft and Jerry Hadley; 8pm; Mar 12, 14, 18 (7pm)

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BBC for Europe can be received in western Europe on Medium Wave 648 kHz (468m)

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10.00  
European Money Wheel  
Nonstop live coverage until 14.00 of European business and the financial markets  
17.30  
Financial Times Business Tonight  
Midnight  
Financial Times Business Tonight

**Guard offer for Russia**

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COMMENT & ANALYSIS

Michael Prowse • America

Economic uplift

An unexpected surge in employment has blown away fears of recession and increased Clinton's chances of re-election



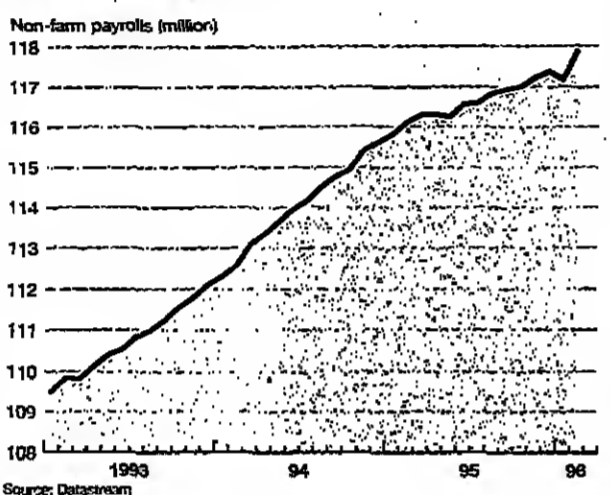
There was a mood of stunned disbelief on Wall Street on Friday following the announcement that payroll employment had risen 706,000 in February - the largest monthly gain since the Reagan boom of the early 1980s.

occurred late in the month which usually results in an outsized increase. Analysts also noted that seasonal adjustments at this time of year are unreliable: jobs have seemed to surge in February in three of the past six years.

The Fed is fighting inflation, not growth, and the wage and price outlook remains pretty encouraging. In February average hourly earnings declined fractionally in spite of the surge in hiring.

Far from being a source of alarm, the jobs figures suggest Mr Alan Greenspan, Fed chairman, has once again accurately judged the economy's pulse. In last month's monetary testimony to Congress, he upset bond traders by saying the economy was fundamentally sound.

US employment



Source: Datamonitor

Market and political reactions were both overstated. One month's figures are never sufficient to establish a trend. Bond traders were talking on Friday of a "paradigm shift" - of a startling discontinuity in the economic data that required a complete rethinking of the business outlook.

Retreatingly, we may now have to wait until the return of something approaching the situation when franchisees had ample equity in their homes to support a purchase before people will again be able to afford the franchise of their choice.

Whether this is a "stable" taxation regime, we shall have to see. However the recent report by Petroconsultants (Annual Review of Petroleum Fiscal Regimes 1995) clearly thought otherwise. They apparently took the view that no sensible government would actually continue to give its natural resources away.

Antipersonnel mines: the buck stops nowhere. I wrote a resolution which was passed in the European parliament almost unanimously last June calling for an outright ban on APs and destruction of stockpiles.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

We are keen to encourage letters from readers around the world. Letters may be faxed to +44 171-873 0938 (please refer to "line"), e-mail: letters.editor@ft.com. Translation may be available for letters written in the main international languages.

Lack of cash for quality franchises

From Mr R.I. Riding. Sir, Richard Gourlay in "A fraught relationship" (March 7) reports that there are not enough people interested in buying a franchise. However, the situation is not that people have lost interest in buying, or that franchising has in some way fallen out of favour.

The economist's role in fantasy and 'momentary fluctuations of affairs'

From Mr D.F. Eccles. Sir, Barry Riley ("Vote now, we'll bill you later", March 2) referring to the recent rise in bond yields, writes: "It is typical fantasy of politicians at Westminster to believe that juggling with monetary policy can transform the economy."

Whether this is a "stable" taxation regime, we shall have to see. However the recent report by Petroconsultants (Annual Review of Petroleum Fiscal Regimes 1995) clearly thought otherwise. They apparently took the view that no sensible government would actually continue to give its natural resources away.

Antipersonnel mines: the buck stops nowhere. I wrote a resolution which was passed in the European parliament almost unanimously last June calling for an outright ban on APs and destruction of stockpiles.

UK government abandoned oil rights

From Dr Ian Rutledge and Dr Phillip Wright. Sir, We note that Wood Mackenzie ("North Sea oil output expected to rise by 5 per cent to record", March 6) considers one of the factors contributing to the UK's record oil output is "an attractive and stable fiscal regime".

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Antipersonnel mines: the buck stops nowhere. I wrote a resolution which was passed in the European parliament almost unanimously last June calling for an outright ban on APs and destruction of stockpiles.

Personal View • Geoffrey Howe

No longer part of the convoy

This week's white paper may offer the UK its last chance of averting isolation in Europe



Lord Howe: Britain the slowest ship and all but at anchor

The UK government will this week publish a white paper setting out its views on the European Union's intergovernmental conference (IGC) which begins in Turin later this month. The first comprehensive statement of UK policy towards Europe for over 18 months, it comes exactly five years after John Major said in Bonn that he wanted Britain to be "where we belong - at the very heart of Europe, working with our partners in building the future".

per se. The argument in favour of maximising Britain's influence by common action with friends is rarely put. The positive reality of sovereignty-sharing in Europe is never proclaimed, seldom even admitted.

It two weeks ago (as Ian Davidson argued on these pages last week). To compound this, the French negotiating position on the intergovernmental conference, leaked to the press, reveals that Paris wants conventions in the home affairs pillar of the Union to come into effect even if signed by fewer than 15 states.

don realistically insist that us of any "further and faster clause" should require a safety catch of unanimity among 15 every time it is used. Britain has succeeded 1 Europe in the past by going just fast enough for others to change the rules of the game.



It's 11:00 am. Do you know where your PCs are?

Advertisement for Digital Equipment Corporation (DEC) ServerWORKS. It features the text 'THE PRIORIS PC SERVER WITH SERVERWORKS BY DIGITAL. THE MOST COMPREHENSIVE NETWORK AND SERVER MANAGEMENT TOOL.' and includes a small image of a computer tower. The ad describes the benefits of the software for network management and security.

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COMMENT & ANALYSIS

FT Interview · Bob Wright

FINANCIAL TIMES

Number One Southwark Bridge, London SE1 9HL  
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Monday March 11 1996

Euro-bids and mergers

Mergers and acquisitions are widely regarded as an Anglo-Saxon habit. Last week's announcement that the Swiss pharmaceutical groups Sandoz and Ciba were to merge serves as a reminder that it is chiefly the volume and hostility of what happens in the English-speaking markets for corporate control that makes them different. Ciba itself was, after all, the product of a merger. The interesting question is whether continental Europe is about to see a much enhanced degree of merger activity.

Such a development would be in the interests of the economies concerned. Admittedly there is evidence to suggest that surprisingly few mergers and acquisitions in Britain and the US have added value. Yet the supporting data come from a period in which ill-conceived conglomerate activity was rife and British companies in particular thought that it would be easier to confront international competition by amalgamating with other - usually not very strong - domestic companies.

In contrast, the striking feature of the current increasingly frenetic wave of mergers and acquisitions is how many of them are driven by sound business logic. In a disinflationary world, they provide a means of increasing profits through cost-cutting, when consumer resistance in product markets makes it harder to generate increased revenue. That certainly provides part of the logic of the Ciba-Sandoz merger, as it did with the earlier bid by Glaxo for Wellcome. The recent activity among utilities, where pricing is constrained by regulation, has been similarly inspired. Takeovers are also an effective way of dealing with overcapacity in mature industries undergoing deregulation - witness the rationalisation of US commercial banking through bids and deals.

It follows that the capital markets were not necessarily going over the top in putting an additional value on Sandoz and Ciba equivalent to nearly £10bn following the merger announcement. With a commitment to nearly £1bn of cost cuts, the enlarged group will clearly be more profitable. There is some academic evidence that domestic mergers between companies of broadly comparable size work better than more disparate ones. Since the merger will be effected by a pooling of interests, it will involve no damage to the balance sheet resulting from a costly premium for control.

Yet to assume that this logic will prove compelling across the whole of continental Europe would be unwise. Corporate governance in most countries imposes little pressure for such change. Employment protection legislation is often such that redundancies, far from cutting costs, would actually prove prohibitively expensive in home markets. Above all, the concept of shareholder value commands only tentative adherence in continental Europe. There will be takeovers and mergers, but no takeover boom.

Taiwan tension

China's missile tests off Taiwan are dangerous because of the tension they have sparked. They are also crass because they could scarcely be better designed to drive Taiwan's voters into support of formal independence. That is the opposite of what China wants.

The outside world cannot sit idly by, but its reaction must be measured. The tests are far too close to Taiwan. But they are in international waters. There has been no accident involving damage or loss of life. To encourage Taiwan in its drive for international recognition would inflame an already volatile situation.

Yet to leave Taiwan to China's mercy just when it has completed the process of democratisation would be a shocking signal of indifference. The danger lies with escalation. Beijing must be left in no doubt that the consequences would be grave. In the event of an attack, Taiwan would receive the West's strong support.

There would be no need for direct Western military intervention. But the US and its allies should show support now by accelerating the delivery of defensive equipment. China should understand that even escalation short of an attack such as a blockade would bring economic and diplomatic isolation.

Western diplomacy should also aim at persuading the two sides to talk. China will never win Taiwan, over to unification if it remains unfriendly. A democracy with a per capita average income of \$12,000 will not fall willingly into the arms of a dictatorship with a per capita average income of \$800. Beijing has to recognise that to achieve unification in the long term, the starting point must be better relations now.

For that, China will have to deal with Mr Lee Teng-hui whose presidential mandate is likely to be confirmed in the looming election. Mr Lee is formally in favour of eventual unification. He is expected to seek fresh contact with China after the poll. The West should encourage Beijing to respond positively.

The outlines of a deal are discernible. Taiwan might reaffirm its long-term aim of unification and drop its campaign for a seat in the UN. In return China might agree to abandon military pressure, to open direct shipping links and permit representation for Taiwan in some international bodies such as the World Trade Organisation. With a strong popular mandate Mr Lee should be able to sell such a deal at home.

How the ageing Chinese generals who appear to determine policy on Taiwan would react is another matter. Clearly aghast at the prospect of Taiwan's elections being seen by millions of disenfranchised Chinese on satellite television, they seem bent on aggression. They should consider the merits of a conciliatory approach. The world will be more dangerous if they do not.

PFI, not bad?

Mr Michael Jack, minister responsible for the UK government's Private Finance Initiative (PFI), cracked rather a good joke last week, given his subject matter. The PFI, he said, would put an end to the "B-A-D old days", by which he meant the days of Build and Disappear.

He put his finger on one of the virtues of PFI, the government's policy for boosting the private sector's role in public sector investment. The PFI unites responsibility for construction and operation - the provider of infrastructure - be it a road, prison or hospital - is also the provider of the associated service, and therefore bears the risk of ensuring that assets are available on time and that they remain serviceable.

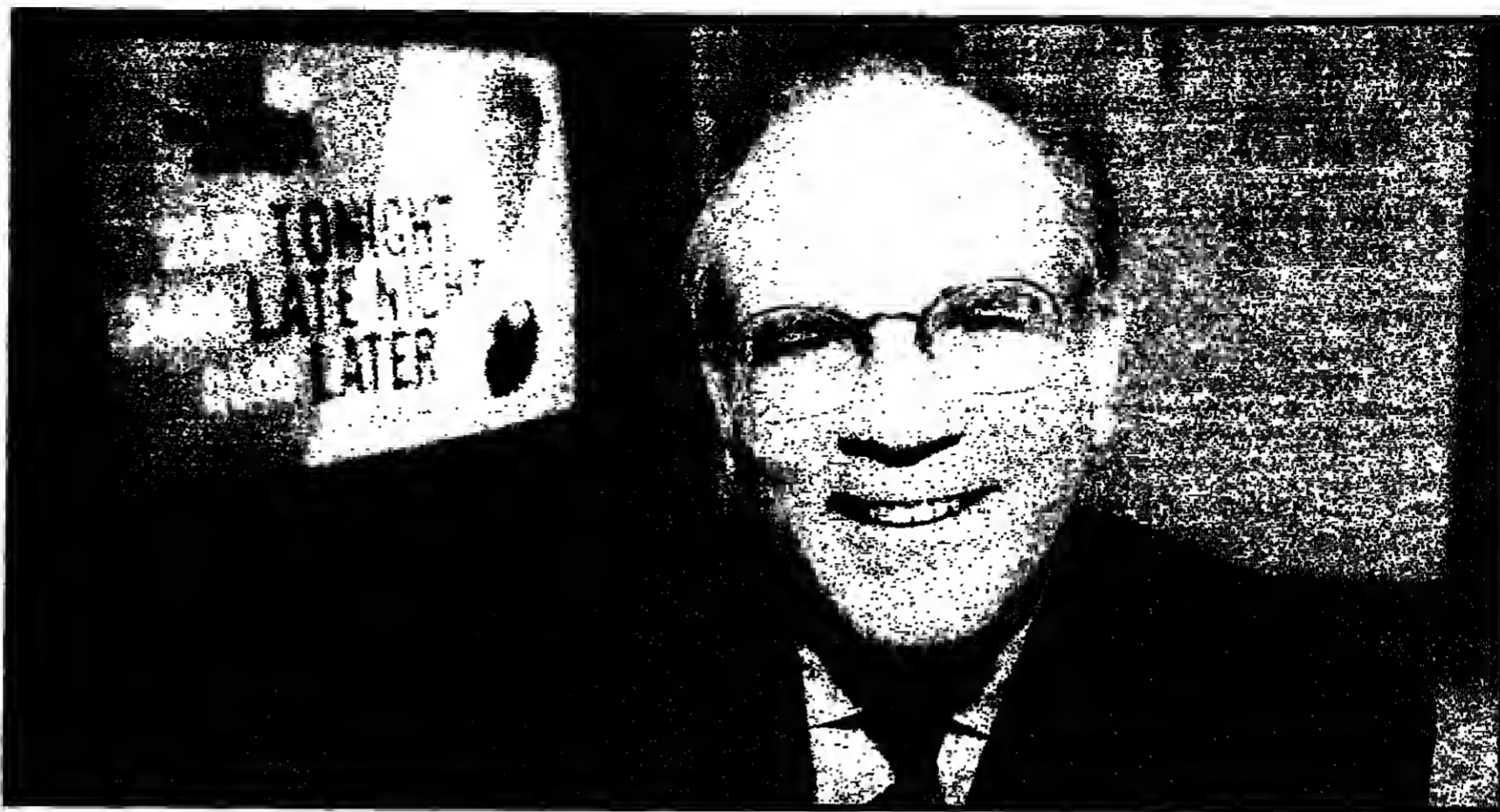
The challenge for the public sector is to weigh the resulting quality and efficiency gains against the higher cost of capital charged by the private sector. It can then decide, case by case, which option offers best value to the taxpayer.

So much for the theory. It is the practice which is highly problematic. Three years after its launch, the PFI is progressing at a snail's pace in most spheres. So far its main impact has been to delay main investment. Only by including state investment. Only by changing the fast rail link to the Channel tunnel does projected investment under the PFI appear respectable. Yet the fast link took more than five years to agree, and is a class of its own. More telling is the virtual absence of PFI deals in important areas such as defence and local government.

Some of the hold-ups are of a transitional nature. One current problem - doubts over the liability of the state to meet obligations entered into by health service trusts, which are government agencies in every respect - is being addressed by emergency legislation this week. This issue has been a thorn in the side of large hospital PFI projects for more than a year. The delay in tackling it is typical of the lackadaisical attitude to the PFI evident across most of Whitehall.

Not all the problems are so easy to resolve. Deciding on the optimal degree of risk transfer from the public to the private sector is a fraught issue. Equally difficult is the task of making fair comparisons between the cost of traditional and PFI procurement. In many areas, national PFI gains depend on assumptions as to the "inevitable" cost overrun of a traditional public procurement. Yet this begs important questions about the comparator in question.

It is also vital that firm control is maintained over contingent liabilities. Until accrual accounting reaches Whitehall at the end of the decade, the extent of future PFI spending commitments will not be fully apparent. If the PFI were to veer to the opposite extreme from now and become a vehicle for uncontrolled public spending, the bad old days really would be back.



Tuned to a vision of the future

The NBC president tells Raymond Snoddy about his plans for business television and his hopes for the Internet

The battle for the European business television audience intensifies today with the launch of CNBC Europe, a round-the-clock business cable and satellite channel, in the face of tough competition.

The new channel, broadcast from the Astra satellite system, will include six hours a day of European business news provided by FTTV, part of Pearson, publishers of the Financial Times, at least six hours of US business coverage from the American CNBC channel and 14 hours of live coverage from the CNBC channel in Asia launched a year ago.

"That's more than 24 hours, so something will have to get left out," says Mr Bob Wright, president of NBC, the US network that owns CNBC, who has been responsible for overseeing the international expansion of the broadcasting group.

In Europe, CNBC will face very tough competition from European Business News, the 24-hour TV business news service launched by Dow Jones and Fleetech, the media group, 13 months ago.

EBN is on the Eutelsat satellite 24 hours a day and an early morning segment is part of the Sky multi-channel package. On Friday EBN, which is available on cable networks in the UK, announced that it had obtained access to the cable networks of Hesse and Hamburg, including Frankfurt. There are no detailed viewing statistics so far although EBN is available in 12m homes across Europe.

"It's a crowded marketplace out there for news and CNBC is not going to find it particularly easy," Mr Michael Connor, EBN managing director, said yesterday.

The big unknown is how large a potential audience there is; no-one knows at this stage whether there is a market for business TV in Europe. Some answers are expected next month with the results of a pan-European survey of the viewing habits of high earners in Europe.

The launch of the NBC business channel in Europe is the latest move by a company that was in the doldrums four years ago. Although it controlled one of the three main US networks, it was suffering from poor ratings and weak advertising revenues.

General Electric, the diversified engineering group which owns it, was considering selling out. But talks with Walt Disney foundered on price while those with Time Warner collapsed because the US group's film production arm did not want to be limited to distribution through a single channel.

But with renewed GE backing, NBC has fought its way back to the top of the US television ratings. It has made a successful \$2.5bn (£1.5bn) pre-emptive strike to secure the American television rights to all Olympic Games to 2008. And it has created a venture with Microsoft, the computer software group, for a new type of communications network.

NBC's commitment to building up a new television genre - business news - goes back nine years. The CNBC service is available in more than 60m homes in the US through cable and has an audience share of 0.4 per cent during the day and 1.4 per cent in prime time. But it is at the workplace - largely ignored by conventional ratings - that CNBC has scored its greatest success.

"It was the service of choice in the workplace, especially any business that had a financial services component," says Mr Wright. "It has become a fixture on trading floors and especially on the equity side of the business. You cannot find a place where it isn't on."

The NBC president concedes it will be much more difficult to establish the channel in Europe. It would, however, have been foolish, he believes, to concentrate entirely on the US in an age of growing global markets.

"You need to have as good a coverage of the Asian and European markets to keep the service credible," he says.

Business news will also remain on NBC Super Channel, the group's existing satellite channel which carries a mixture of business and entertainment, for the foreseeable future - to give it the widest possible distribution. But Mr Wright says the eventual aim is to turn Super Channel into a general entertainment channel in the NBC mould with regular news updates.

To maintain its premier position in the US market, NBC has the summer and winter Olympics for the next 12 years. Expensive though the commitment was, it gives the network stability and certainty over what Mr Wright describes as "the world's premier sporting entertainment event".

grammes about subjects such as financial planning for retirement. The computer company wanted to licence NBC news material so that subscribers to the Microsoft Network service could get access to it through the Internet.

Instead, the two organisations came up with the idea of a joint venture involving two closely linked channels, one on cable and the other on the Internet. Microsoft agreed to invest \$20m for a 50 per cent stake in NBC's existing cable channel, America's Talking - a topical television version of talk radio.

"We agreed to take that service, reconfigure it and make it as interactive as any television channel can be," says Mr Wright.

Throughout the service there will be regular alerts to draw viewers' attention to stories that will be dealt with in depth on Microsoft Network. Those who log on will get details of the main features running on the cable channel.

The slowness of the Internet means that there will only be still pictures at first, but the two companies have ambitious plans once high speed modems are available and cable systems upgraded.

"We will transmit full motion video on the interactive service," says Mr Wright.

At the moment NBC is looking for a new site near New York for the staff on the two complementary channels which will be launched to coincide with the Atlanta Olympics in July. He wants the building to accommodate the staff of both channels on a single floor. The hope is that information can flow from one channel to the other, improving the quality of Microsoft Network and every year based on NBC pro-

is available on the Internet. In countries such as the UK, Mr Wright believes that fast access to the Internet may be what finally helps cable establish itself. He used to run cable television networks in Denmark, and feels that without such added benefits for the consumer, the future of cable in the UK is still an open question despite the increasing flow of revenues from telecommunications.

"If I was a banker asked to lend £100m to a cable operator, I would want to know how I was going to get my money back given the fact that there is so much satellite work going on," the NBC president says. He points out that only 21 per cent of those who can subscribe to cable networks actually do. Mr Wright believes that the Microsoft Network, despite beginning mainly with graphics and data will eventually turn out to be an important venture. His hunch is that people will want to watch moving pictures on their PCs - every time NBC has introduced moving pictures to its professional screen-based services in the markets they have been welcomed.

Whether or not his hunch on moving pictures on PCs turns out to be correct, he is convinced that a company such as NBC cannot afford to base its business entirely on one channel, however successful. NBC is now involved in a total of 18 cable and satellite services.

Proposals to move the existing US networks to digital transmission will free frequencies for other uses but clearly brings dangers for broadcasters such as NBC which have traditionally carried a broad range of programmes on a single network channel.

But as CNBC launches in Europe, the business news about NBC is bright.

"We have a premier position in the business both from an economic standpoint and a viewer standpoint. But it's a fragile position. It's ours to hold that position or lose it," Mr Wright insists.

OBSERVER

Budgeting for results

When bankers visit the world's finance ministers in search of business they face a problem. What sort of memo to them do they leave behind which will make sure they are remembered with affection?

Some like to leave paperweights advertising their bank's tombstones. Others prefer penknives, pens or something silver such as a small case for visiting cards. However, from Canada comes news of a present which any finance minister worth his salt would do for - a "perception analyser".

Just ask Canada's Paul Martin, who got a bunch of these gizmos to work use during his budget speech in Ottawa last week. As he was speaking in the House of Commons, Bannockburn Strategy, a local lobbying and polling outfit, tracked the response of English and French-speaking focus groups in Toronto and Montreal.

Each participant had a "perception analyser" - basically, a dial calibrated with numbers from 1 to 100, linked to a central computer. When Martin made a point that the focus group approved of, they recorded a score above 50 - how far above depending on how much they approved. Bits of wasteful spending or cuts to favoured government programmes scored

between zero and 50. By the time the minister sat down, the responses had been analysed and Martin had time to adjust his message before the string of media interviews that typically follow a budget speech.

The idea was to ensure that people "understand exactly what we're talking them," explained a Canadian finance official. Whether or not you believe that, the "perception analyser" seems to deliver results. The budget raised barely a murmur of protest.

week, the country sent condolences to rebel Checho leader Dookhar Dudaev following the death of guerrilla commander Salman Raduyev who had led a hostage taking mission in a Russian town.

"The terrible murder of this outstanding fighter shocked us deeply," said the Estonians.

The connection goes back a few years. Dudaev led a nuclear bomber squadron in Estonia. He married an Estonian. And he claims Estonia's successful fight for independence from Moscow inspired his own. Russians still make up a third of Estonia's 1.5m population, but you would not know it from the Estonian's less than welcoming attitude. No wonder then that the mere mention of the name Estonia gets Russian blood boiling.

Russia's foreign ministry has blasted Estonia's resolution. Should Gennady Zyuganov or any other hardliner candidate come to power, Estonia might come to regret its righteous impertinence.

snit and both teams jumped the regulatory hurdle at the same time. Last Thursday DMG edged ahead by being the first to brief journalists. However, Morgan Stanley still has a chance to come away with first prize. It has cocked a snook at its German competitor by hiring German-born Henry Kissinger to be the keynote speaker at hotel.

Clearly, Morgan Stanley has a lot of moosey riding on Kissinger's ability to win the race to attract the most money. Hope he does not pull up before the final hurdle - explaining the intricacies of exchange-traded indexed funds.

**100 years ago**  
Wealth in Australia  
If they are not rich in the Antipodes, they certainly ought to be, for according to Mr Howard Haywood, the value of the gold discovered in Australia up to the end of 1894 was £317,337,288 - a total that must have been considerably added to last year. In addition to this enormous output of the yellow metal, the Colonies are blessed in the possession of the "Golden fleece"; for, according to the same authority, wool to the value of 17½ millions sterling was obtained in 1894 from the \$2 millions of sheep in the country. And yet the Australians are not happy.

**50 years ago**  
Shortage of nitrogen  
It is a far cry from the International Nitrogen Cartel of the years between the wars, a cartel formed because of excessive world capacity. Yet the shortage of nitrogen has come. It is one of the reasons, too, for the food scarcity, since, apart from the weather, the poor European crops are the result of the lack of fertilisers. That lack will be felt during the current year's crops. Coal shortage is a factor limiting nitrogen production in some countries. In Italy, for example, hydro-electric power, which was formerly used for nitrogen production, has had to be diverted to other purposes.

**Bottleneck**  
Every country suffers from bottlenecks. But Russia suffers more than most, judging by an item in Focus, a German weekly. It reports that 900,000 bottles of Russian vodka found their way into Germany in the first 10 months of last year. By contrast German distillers exported 19m bottles of vodka to Russia. Burkhard Baesler, chief executive of Berlin's Schilkin distillery, thinks he knows the reason. The Russians are short of bottles.

**The K factor**  
Deutsche Morgan Grenfell and Morgan Stanley are running neck and neck in the race to launch Wall Street's first country-specific index fund.

DMG thought up the idea first, and filed an application with the US Securities and Exchange Commission two years ago. But Morgan Stanley quickly followed

**Viewing fare**  
Taxi meters around the world are not always reliable, but those in Algeria have recently proved so popular that they are being stolen, to the cables' annoyance. The reason: thirty Algerians have discovered that, if attached to television sets, the electronic meters will unscramble the popular French pay TV channel, Canal Plus.

There is a downside: a taxi fare appears on the screen along with the pirated picture. Presumably viewers don't mind a running reminder of how much money they are saving, and the meterless cabbies can always go back to the traditional way of calculating a fare - thinking of a number and doubling it.

New exercises will affect flights and shipping US warns China against war games near Taiwan

By Laura Tyson in Taipei and Tony Walker in Beijing The US yesterday began moving an aircraft carrier taskforce closer to Taiwan as Washington warned China against further "risky" acts against the island.

flights and shipping routes. The naval and air exercises - using live ammunition - are to be conducted in the South and East China seas between March 12 and March 20.

during the exercises, it will be the responsibility of communist China, the administration said. The exercises will be held in an area covering 17,000 sq km off the south-east Chinese coastal provinces of Fujian and Guangdong.

Hamas to resume bombing campaign in Israel

By Julian Ozanne in Jerusalem The extremist Hamas Islamic movement, responsible for a wave of suicide bombings in Israel, said at the weekend it was withdrawing its offer of a ceasefire and would resume attacks.

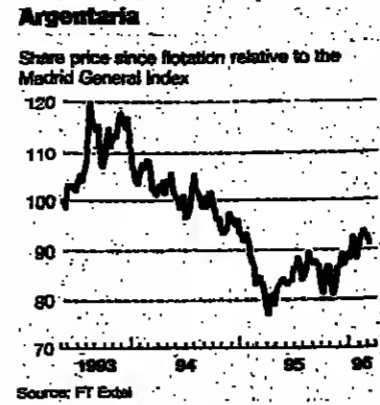
Its warning came as world leaders prepared for an international summit in Egypt on Wednesday, to be chaired by US president Bill Clinton and Egyptian President Hosni Mubarak, to shore up international support for peace in the Middle East.

Several Middle East governments and radical Islamic groups condemned the "Summit of the Peacekeepers" as a cover for silencing resistance to Israeli occupation in Israel, rightwing opposition Likud party officials accused the summit of trying to bolster the waning electoral prospects of Mr Shimon Peres.

Iran, which has not been invited to the meeting, said it supported the actions of Palestinians. Libya said Israeli "Zionists" and Americans were the greatest terrorist force.

THE LEX COLUMN Wall Street blues

European stock markets cannot be immune from Friday's bloodbath on Wall Street. But the fallout in Europe, including Britain, should be less extreme. For one thing, the sharp divergence between bond and equity markets in the US has not been followed to anything like the same extent in Europe.



Argentina Share price since flotation relative to the Madrid General Index

Pharmaceuticals When Ciba and Sandoz announced that their merger would produce annual savings of \$1.5bn - \$1.1bn after tax - investors added \$15bn to their combined market capitalisation, effectively applying a multiple of 13.

South Africa Johannesburg's stock exchange, which began screen trading on Friday, is fast opening up to the world. For the foreign investors South Africa badly needs, Johannesburg's Big Bang is good news.

Argentina Although banks are not the easiest privatisation candidates, the latest privatisation candidates, the latest

rarely-traded holdings. Nearly 80 per cent of shares are controlled by just five groups. The result is a highly inbred corporate culture. Hostile bids are virtually unknown.

Cable and Wireless It would be unwise to read too much into Cable and Wireless's spurning of British Telecommunications's approaches. Until a new C&W chief executive is in post, all bets over the company's strategy are off.

Joining up with another big player group better placed to exploit economies of scale and gain global reach in a rapidly liberalising international market. Equally, C&W could break itself up, creating a number of units which in turn could be snapped up by bigger telecom groups.

Market fears

Continued from Page 1 the market's fall as an opportunity to buy. They have been pouring record amounts of money into the stock market.

UK diesel engines group targets world luxury car market

By John Griffiths Perkins, the UK-based diesel engines manufacturer, is seeking to supply the world executive and luxury car market.

Chinese media pressure, Page 4 Editorial Comment, Page 15 Emerging markets, Page 24 World stock markets, Page 26

sel engine manufacturers, producing 250,000 engines a year for products ranging from lawn mowers to 2,500-plus horsepower industrial generators.

Commerzbank

Continued from Page 1 every year to cover unexpected tax liabilities and said such reserves would be more than enough to cover any extra demands which might emerge from the negotiations with the tax inspectors.

Mr Arafat welcomed the summit but complained that Israel's blockade was strangling Palestinians. Israel yesterday said it would grant work permits to another 16,500 migrant workers to replace Palestinians from the West Bank and Gaza Strip.

Europe today A frontal system will bring cloud and rain to Ireland and Scotland, but England will remain dry with widespread sunshine in the south-east.

FT WEATHER GUIDE Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands. Includes a weather map of Europe and a table of today's temperatures for various cities.

ROLLS-ROYCE ROLLS-ROYCE INCREASES PROFITS Rolls-Royce announced an increase in profits to £175m for 1995 (£101m 1994). The company also has a strong order book standing at £6.2bn.

Chiney annu... by 8... AMSUN Shar... HE N... Includes a portrait of a man and a large graphic of a globe.



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FINANCIAL TIMES

# COMPANIES & MARKETS

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Monday March 11 1996

## Pechiney to cut annual costs by 8%

By Kenneth Gooding, Mining Correspondent

Pechiney, the French aluminium and packaging group privatised last year, is planning to cut annual costs by at least FF1.5bn (\$297m), or 8 per cent, by 1998 and is expecting to implement substantial workforce reductions.

Mr Jean-Paul Rodier, chief executive, warned unions and works councils that there were bound to be big job losses. He said there could be 2,000 to 3,000 in France, representing 10 to 15 per cent of Pechiney's 19,000-strong workforce there. It employs 37,000 worldwide.

Mr Rodier, who was recruited in 1994 by the French government to run Pechiney and who steered it through privatisation last year, said that for years the group had spent more than it had earned and then had been forced to sell assets to reduce its debts.

He said present cash flow was not enough to cover capital expenditure and the demands of Pechiney's subsidiaries which all had plans for investment and expansion. He said the 8 per cent cut in Pechiney's costs (excluding raw materials costs) was the minimum to be expected. At Union Minière, the Belgian metals group where Mr Rodier implemented a similar scheme before he joined Pechiney, costs were cut 20 per cent.

Mr Rodier said there were two main reasons for Pechiney's high level of debt of FF2.5bn when he arrived: there was a lack of focus in its operations and a lack of profitability compared with its competitors. While Pechiney was still state-owned Mr Rodier

refocused the group, concentrating on aluminium and packaging. It is Europe's biggest aluminium producer and the world's third largest packaging group. Pechiney has also sold several non-core businesses for about FF1.0bn.

The group strengthened its balance sheet by raising FF1.5bn of new capital when it was floated in December. Mr Rodier said that some small operations were still to be sold and this might bring in another FF2bn.

He also said he "would be surprised if in five years' time Pechiney still owned 40 per cent of La Carbone Lorraine, a quoted specialist metals company. Pechiney was also willing to sell its 30 per cent holding in the Techpack International packaging company "at the right price".

Mr Rodier had promised institutional shareholders at the time of the flotation that Pechiney would not raise new capital until its profitability was greater and this was reflected in a higher share price.

Some 80 per cent of the restructuring programme, named Challenge, is cost-related because by the end of 1998 Mr Rodier wants most of Pechiney's operations to be in line with the costs of their competitors.

Managers had been given until the end of September to produce plans showing how they intended to match competitors. The plans would then be brought to fruition by the end of 1998.

Mr Rodier stressed the programme was not aimed at simply increasing short-term profit. Pechiney would show a profit for 1995, he said.

## Burger chain's continued growth confounds critics, writes Richard Tomkins

# McDonald's makes sceptics eat their words

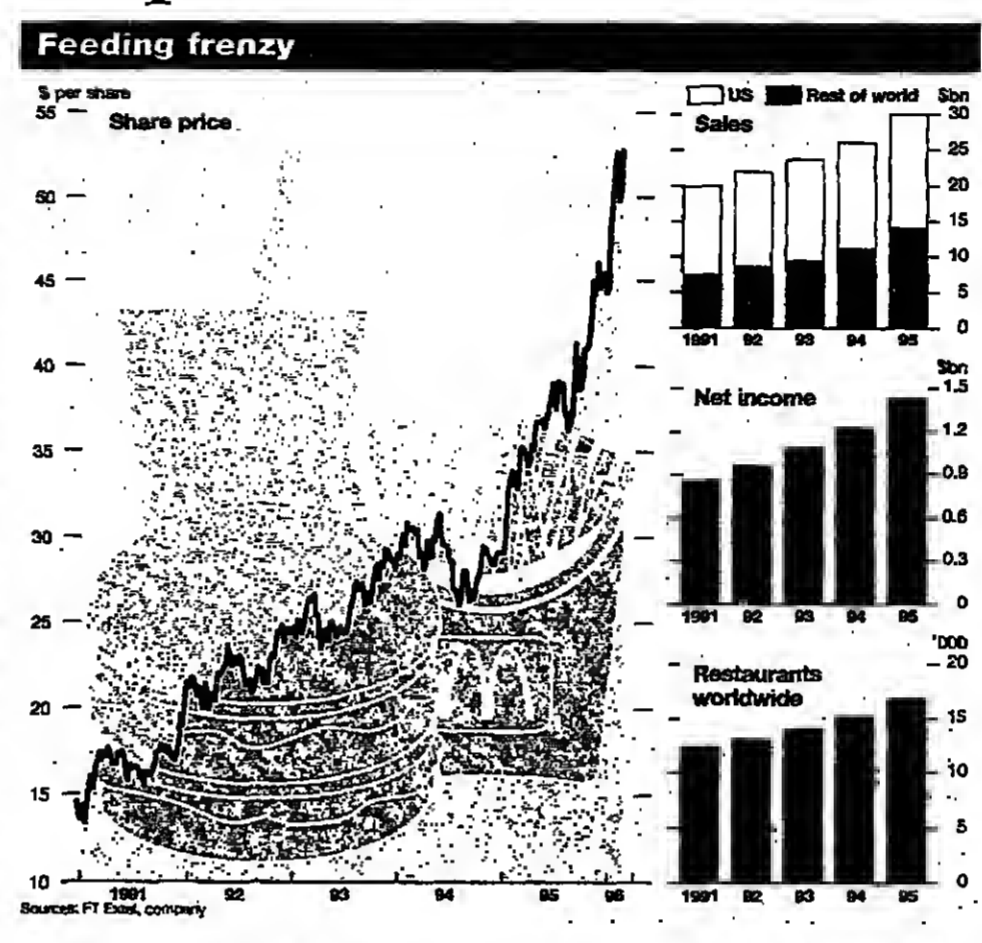
McDonald's, the world's biggest fast food chain, has sold well over 100bn burgers since Mr Raymond Croc opened his first restaurant in 1955. Surely by now the world has had as many Big Macs as it can take? Apparently not. This year, McDonald's plans to accelerate its rate of expansion to a record high, adding between 2,500 and 3,200 restaurants to last year's total of 18,280. At this rate, a new McDonald's will be opening somewhere in the world every three hours.

A few years ago, popular wisdom had it that McDonald's profits were in danger of levelling out. The US market was approaching saturation, critics said, and international profits growth would be too slow to keep the momentum going.

Popular wisdom, however, proved wrong. Over the past five years, McDonald's net profits have risen at a compound annual rate of 12 per cent.

Last year, net profits shot up 17 per cent to \$1.4bn - the company's biggest percentage profit increase since 1983.

McDonald's share price has soared amid a reappraisal of its prospects. Last year, the shares gained 54 per cent to \$45k, an extraordinary increase for a company of its size. At the end of last week, in spite of Friday's stock market tumble, the shares were at \$50k - a multiple of 22 times forecast earnings for the current year, representing a premium of 40 per cent to the multiple for the Standard & Poor's 500.



The renewal of interest in McDonald's stock reflects what might be called the Coke factor. The opening of markets in eastern Europe, India and China has produced a wave of investor enthusiasm for the global growth prospects of US consumer goods companies with powerful international brands. Last year Coca-Cola shares rose 44 per cent, and shares in Philip Morris, maker of Marlboro cigarettes, rose 37 per cent.

In the case of McDonald's, international growth is changing the company's shape. Although McDonald's still has more restaurants in the US than abroad, the overseas side is growing more quickly. Last year, the company reached a turning point when international operating profits exceeded US operating profits for the first time.

International expansion is good for the bottom line at McDonald's because international sales are more profitable than those at home. Competition is much less intense outside the US, which means McDonald's gets more customers through its doors and can charge higher prices.

Another attraction of the international market is its seemingly limitless growth potential. Although McDonald's has opened 7,000 restaurants in 88 countries outside the US - Croatia is the latest - it likes to remind investors that, on any given day, it still serves barely half a per cent of the world's population.

With such a big market to go for, it expects international operating profits to grow at a compound annual rate of about 20 per cent over the next five years. The domestic growth rate is expected to be lower: in the mid-single digits or better, the company says.

But perhaps the biggest surprise about McDonald's is that it expects US profits to grow at all. Competition in its home market comes not just from McDonald's two big rivals in the burger market, Burger King (part of the UK's Grand

Metropolitan) and Wendy's International, but from other fast food outlets - notably, PepsiCo's Pizza Hut, Taco Bell and KFC chains - and from every sandwich shop and hot dog stand in the land.

McDonald's has a simple answer to this cut-throat competition: to be so aggressive and competitive that it achieves market dominance. To that end, it plans to put everyone within easy reach of a Big Mac up to 1,300 of this year's restaurant openings will be in the US.

One reason why McDonald's is able to do this is that, since 1990, it has slashed the cost of opening a typical restaurant by 30 per cent through the use of more efficient building designs, standardised equipment packages and global sourcing. This means it can now open restaurants in locations that would have been hopelessly uneconomical five years ago, such as airports, hospitals, schools and military bases.

There is another significant factor, too. In the past, McDonald's used cash flow from the US operations to finance international expansion. Now, the strong financial performance outside the US allows McDonald's to pour more resources into the battle for market share at home.

One problem with US expansion is the risk that new McDonald's restaurants will take sales from existing ones. Some Wall Street analysts worry that this could result in a fight with McDonald's franchisees, who run 85 per cent of the company's US restaurants - although there is no sign of this yet.

Still, there are few quibbles over the strategy. "It's a tough environment," says Mr Allan Hickok, an analyst at Piper Jaffray, the investment management company. "But my feeling is that when the going gets tough, the weak get weaker. In a tough market, a lot of people are going to feel pain before McDonald's does. They are going to be the last ones standing in any circumstance."

### INSIDE

**C&W/BT**

Merger talks between UK telecommunications groups Cable and Wireless and British Telecom have collapsed following a disagreement over value. BT is understood to have approached C&W with merger proposals following the boardroom upheaval late last year which saw the departure of C&W's chairman and chief executive. Page 18

**Incentive**

Incentive, part of the Wallenberg empire, is set to follow its takeover of Gambro, the Swedish medical technology group, with disposals as it remodels its clutch of industrial holdings. Page 19

**Fund Management**

Because Orange, the UK mobile phone company, will almost certainly be included in the FT-SE 100, any fund manager committed to matching this index will have to own Orange shares. The problem is that Orange shares will be scarce: only a quarter of the company is being offered to the public. Page 21

**City People**

Can Sir Terence Conran, the man behind glibly West End restaurants such as Quaglinos and Mezzo, persuade City of London workers to stay in the Square Mile after dark? When the Great Eastern Hotel reopens in 1998, there will be three Conran eateries to choose from, including a glamorous 300-seater. Page 21

**Global Investor**

Gerard Baker argues that the real threat to stability continues to lie with the Japanese recovery. For months the barely whispered fear in global markets has been of a re-run of 1994, with the Bank of Japan taking the place of the Federal Reserve as bogeyman. Page 22



Jean-Paul Rodier: steered the group through privatisation

## Fokker unit removed from court protection

By Ronald van de Krol in Amsterdam and Michael Skapinker in London

One of three subsidiaries of Fokker Aircraft has been removed from court-ordered protection in an attempt to create a vehicle for reviving the Dutch aircraft maker in a slimmed-down form.

The weekend move came as Fokker entered the final week of its struggle to find a saviour.

The Dutch government's bridging credits to the company run out on Friday and Fokker sources say they doubt they will receive a further period of grace.

Fokker said Fokker Aviation - a non-production unit, and

one of three granted court protection in January - had been removed from administration. Assets from the two remaining units under protection, Fokker Aircraft, the core aircraft assembly business which generates 90 per cent of group turnover, and Fokker Administration, will be transferred debt-free to Fokker Aviation.

This will potentially create a new corporate nucleus for Fokker, enabling it either to try a solo resurrection or to arrange a sale of its businesses to an Asian candidate.

The company cautioned that the move should not be interpreted as meaning it had made a choice between the possibilities it has been studying. Its options are to try to resurrect

itself as a "stand-alone" operation with the aid of Dutch financiers or to have its assets taken over by Samsung of South Korea or Aviation Industries of China (Avic).

Samsung and Avic are expected to decide by the end of this week whether they are interested in doing a deal. Both companies would like to build a 100-seat jet. Fokker's F70 and F100 aircraft, seating 70 and 100 passengers respectively, are highly regarded in the industry. Both companies have made it clear, however, that they expect to assemble such a jet in Asia and may be after no more than Fokker's technology.

If Fokker is forced to try the stand-alone option, it will continue efforts to find a strong industrial partner capable of financing future aircraft design and development. In 1993, a controlling stake in Fokker was sold to Deimler-Benz Aerospace (Dasa) of Germany but the partnership collapsed in January after Dasa withdrew financial support.

Bombardier of Canada, which many saw as the most likely suitor for loss-making Fokker, has said it is no longer interested, although some in European aerospace see this as a ploy to attract sufficient government support.

Bombardier has threatened to walk away from the acquisition of struggling aircraft manufacturers in the past, but has agreed to take them over

when offered sufficient financial support by the local government concerned.

This was true of its acquisition of Canadair in 1986 and of Short Brothers of Northern Ireland in 1980. Shorts makes wings for Fokker and is threatened with heavy losses if the company fails. Aerospace officials believe Bombardier is waiting for a better financial offer from the Dutch government.

One of the difficulties is that the Dutch government did not offer enough money to Dasa to keep Fokker in business. Aerospace executives believe it would be difficult for it to offer more financial support to Bombardier than to Dasa, a European company.

**COMPANIES IN THIS ISSUE**

Argentina	16	Kobe Steel	12
BET	12	Lloyds TSB	17
BT	12	McDonald's	18
Brahma	20	Neste	20
Broken Hill Prop.	20	Nippon Steel	19
Cable and Wireless	16, 12	Pechiney	17
Colson	12	Parkins	12
Commerzbank	18, 1	Pillar Property	12
Credit Lyonnais	1	Promode	12
Dowry Aerospace	12	Renault	12
Ecom	19	Roite-Royce	4
Fokker	17	Sandvik	20
General Electric	4	Sumitomo Metal Inds	19
Hill Samuel	12	TI	12
Incentive	19	Thyssen	19
Kawassaki Steel	19	Usinor	19

## Liffe considers contract changes in run-up to Emu

By Samar Iskander in London

The London International Financial Futures and Options Exchange (Liffe) is considering a modification of its short-term money-market contracts as part of its preparations for European Monetary Union.

A full board meeting of the exchange will this afternoon assess the technical and legal issues arising from the timetable for the move to a single currency, the euro, scheduled to take place in January 1999, and will consider a number of possible changes to two of its leading contracts: the euromark and short sterling futures.

Liffe lists a range of financial futures and options contracts denomi-

nated in currencies which may disappear following the introduction of the single currency. But a decision is particularly urgent in the case of these two contracts as the exchange lists 12 future monthly maturities - covering a three-year period in all. New short sterling and euromark contracts due to be listed on Tuesday next week could mature after the scheduled introduction of the euro and officials wish to be rid of any uncertainty.

Short-term money market contracts are used by investors to protect themselves against rises in short-term interest rates, and also for speculative trading. In February, the euromark and short sterling futures, together with related options, accounted for more than a third of total trading

volumes at Liffe, Europe's largest futures exchange.

Several options are under consideration:

- The market may list two identical three-month futures contracts, denominated in the euro, but convertible into either Sterling or D-Marks if monetary union is either delayed or abandoned.
- Another possibility would be to add an unprecedented conditional clause to existing short sterling and euromark contracts, stipulating that they will be settled by reference to the future rate at which Sterling and the D-Mark will be exchanged for the euro, if it is introduced according to the current schedule.
- Alternatively Liffe may develop

contracts combining these possibilities.

In any event, the exchange will almost certainly have to create a new set of contracts. John Foye, deputy chief executive of Liffe, insisted the market would give "users the widest choice of products, while ensuring that all possibilities [relating to the different scenarios for Emu] are covered".

The market will consider potential problems. For example, there are worries that by introducing new contracts, liquidity in any single instrument would be depressed. Furthermore, the addition of "conditional clauses" could deter some users.

Liffe executives believe the mar-

ket's ability to manage the transition to the single currency will be an important factor in maintaining London as the biggest centre for money market operations in Europe.

Matif, the Paris-based financial futures exchange, is facing a similar dilemma on its three-month Pibor future, the equivalent French short-term money market contract. It is assuming that during phase three of Emu, when national currencies are progressively eliminated, the Pibor rate will de facto become a euro three-month rate. Matif is still unclear how this rate will be determined, but says it will follow guidelines, yet to be set by the French Banking Association, covering these issues.

Derivatives, Page 24

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COMPANIES AND FINANCE

# Valuation seems to have been the stumbling block in the second set of merger talks C&W board spurns BT's approaches

By Peggy Hollinger

Merger talks between telecommunications giants Cable and Wireless and British Telecom have collapsed following a disagreement over value. British Telecom is understood to have approached Cable and Wireless with merger proposals following the boardroom upheaval in November which saw the abrupt departure of its chairman, Lord Young of Graffham, and chief executive, Mr James Ross.

that BT has unsuccessfully sought to join forces with the cable communications company. The first approach, made in the middle of last year, is understood to have failed due to the complex regulatory problems surrounding any merger. Neither BT nor C&W would comment on details of the discussions yesterday. C&W would only say that it had received an approach late last year. "After carefully evaluating the proposal, the C&W board rejected it as not being in the best interests of our cus-

tomers, shareholders and partners," it said. C&W added that the discussions were not expected to resume. It is understood that C&W's board spent several weeks evaluating proposals from BT before rejecting the approach, made to the non-executive chairman Mr Brian Smith. The cable company is thought to have felt that BT was attributing too low a value to its businesses, which on Friday's close were valued at about £10bn. BT was more than double at £23bn. The board is also thought to

have felt that the company's many partners worldwide would have objected to elements of the merger proposals. Much of C&W's global business is based on telecom licence agreements and joint ventures with governments. BT has reportedly been keen for a link with C&W for some time. It is understood to be particularly attracted by C&W's 57.8 per cent stake in Hong Kong Telecom, which is responsible for a significant proportion of C&W's profit. Meanwhile, C&W is expected to announce a new chief execu-

tive within the next three weeks. The group is understood to have a shortlist of seven candidates from within the telecoms industry, five of whom are American. The other two are believed to be from continental Europe. Mr Smith, who was temporarily recalled to head C&W following the departures of Lord Young and Mr Ross, is now expected to remain in his post for the time being. Under the company's articles of association either the chairman or chief executive must be a British citizen.

# FT-SE eligibility is under review

By Norma Cohen

A rule which helps determine whether a company's shares are eligible for the FT-SE 100 index is to be reviewed amid concern among some fund managers about the recent inclusion of companies which have relatively small amounts of shares publicly traded. The FT-SE 100 index covers the largest UK companies, ranked by market capitalisation, and inclusion in the index can greatly increase demand for a company's shares and boost its price.

The debate centres on a rule which says that a company is eligible provided it has a "free float" of at least 25 per cent - that is, at least a quarter of its shares are freely available for purchase. Index fund managers, who run a basket of stocks designed to mimic the performance of an index, have been concerned that the rule may have forced up their purchase price for some recent new share issues. They argue that demand from indexers has placed a scarcity value on shares with a free float of as little as 25 per cent, and suggest that the threshold should be raised.

Mr Mark Makepeace, managing director of FT-SE International, which manages the FT-SE indices and is a joint venture between the Financial Times and the London Stock Exchange, said that a review had been prompted by a request from two leading index fund managers, although there were no imminent plans for change. "We will only respond if there is demand for change. There is not enough demand now." The rules are determined by an independent committee of actuaries, fund managers and investment analysts. Secondary offerings of shares in two companies, BSKyB and National Grid, have been largely placed in the hands of index fund managers who needed to buy them in order to achieve their promised returns.

Indexers are also concerned about the imminent flotation of UK mobile telephone company, Orange, whose initial offering will consist of 25 per cent of its capitalisation. But Mr Makepeace said that research conducted by FT-SE International shows that the vast majority of stocks in the key index are freely available in the market. For the broader FT-SE Actuaries All-Share Index, some 10 to 15 per cent is not freely available. Mr Makepeace conceded that "there may be a problem for some individual stocks". See fund management column, page 25

# Loss of credit licence hits Colorvision

By Peggy Hollinger

Colorvision, the Liverpool-based television and video retailer, is today expected to issue a profits warning which will reveal a sharp drop in trading following the Office of Fair Trading's decision to revoke its consumer credit licence.

The company, which is appealing the OFT's January decision, will tell shareholders that its survival could be under threat if the situation is not resolved. As the appeal process could take up to a year, Colorvision is expected to call for a further meeting with the OFT this week. Just two weeks ago Colorvision revealed that sales to the end of December were 15 per cent down on the previous year. However, it is understood that since then sales have suffered a far greater drop. Both consumer credit sales, which normally account for about half overall turnover, and product sales have fallen sharply since the OFT's announcement.

Although the licence remains in effect until the appeal is decided, it is believed that the OFT's damning comments have been used by competitors to win business from the 32-year-old high street retailer. In January, the OFT and Colorvision "had failed to agree a settlement to ensure that and improper business practices were not carried on, other than where it had been authorised by the regulator, or some other external source into putting an end to them". Some of the criticisms relate to the failure to publish annual percentage rates.

In its defence, the company has claimed that its business has not been underpinned by serious or unique in the industry. Colorvision has pointed out that the OFT had renewed the group's consumer credit licence for five years from September 1993. It has also claimed to have developed new procedures, training and manuals to deal with the problem. The group has also acknowledged it has 30 court convictions, mainly for advertising, but it said the last prosecution had followed an incident in May 1994. The yield on which leisure properties change hands has declined by at least 1 percentage point over the last two years, reflecting growing demand among investors. Property agents said that shortage of suitable sites could drive yields down further still as investors compete to acquire the best developments. The Teeside Leisure Park at Stockton-on-Tees, which will be completed towards the end of this year, will incorporate a bingo hall and nightclub operated by First Leisure, a local public house and a major bowling alley. The site is adjacent to an existing leisure scheme which includes an MGM cinema. Boldon Leisure Park, south of Newcastle upon Tyne, is likely to feature an MGM Cinema and restaurants including a Burger King outlet. Further buildings could be added in a second phase of development.

# Dowty's £90m orders give TI further boost

By Tim Burt

Dowty Aerospace, the aircraft components subsidiary of TI Group, is today expected to announce that it has won new business worth almost £90m following the recent spate of airline orders. Mr Tony Edwards, Dowty's chief executive, said the group has been asked to supply an additional £90m of hydraulics and actuation equipment to Boeing following an order earlier this year for 102 Boeing 737 airliners by GE Capital Aviation Services, the US aircraft leasing company. Dowty's landing gear joint venture with Messier of France has also secured a further £70m of new business as a

result of last week's order for 38 Airbus aircraft and 18 Boeing 777s by International Lease Finance Corporation (ILFC) of the US. The company said the new orders took the value of contracts with Boeing, beyond £500m for the first time. Other UK aerospace component manufacturers said they would also benefit from recent airline orders. Lucas Industries, the automotive and aircraft equipment manufacturer, said that it would supply parts worth about £30m on the ILFC deal, while recent new orders by Asian carriers were worth a further £45m. Smith Industries also said new orders for Boeing's 777s



Christopher Lewinton, TI chairman: Dowty profits ahead and 737s "provided a positive outlook for our civil aerospace business". TI Group, meanwhile, is later this week expected to cite improved contributions from Dowty as one of the factors behind increased pre-tax profits of about £180m compared with £153m.

# BET predicts 27% increase in dividend payout

By Geoff Dyer

BET, the business services group, yesterday surprised investors by predicting a 27.5 per cent dividend increase as part of its defence against the £1.9bn hostile takeover bid from Rentokil. The forecast, higher than expected, was contained in the group's first defence document which also revealed that BET had been on the verge of bankruptcy five years ago. In addition the document disclosed that 44 BET executives stand to make £8.6m from a controversial incentive plan if Rentokil's bid succeeds. It is understood that about £2m of this will go to Mr John Clark, chief executive.

Sir Christopher Harding, chairman, described the offer as "inadequate" and said: "BET's earnings have recently grown at a substantially faster rate than Rentokil's." There was no profits forecast, although BET said its dividend cover would remain "prudent". It is predicting a dividend of 5.1p in the year to March 31, compared with 4p last year. In response to the document, Sir Clive Thompson, Rentokil's chief executive, said: "We are happy for Rentokil's performance to speak for itself." He added it was "so far proving difficult" to find any new information in the document. A more detailed response is expected early this week.

Meanwhile it emerged over the weekend that the Office of Fair Trading has begun an inquiry into the pest control market, of which Rentokil has a share of about 60 per cent. A previous inquiry in 1988 required Rentokil to give undertakings to customers. Rentokil said it had not asked for the undertakings to be relaxed. The OFT said yesterday that the inquiry was "informal" and was part of its

obligations to keep the industry under review. BET said that the high margins that Rentokil achieves in pest control could be under threat because of the entry into the UK market of ServiceMaster, the US market leader. BET claimed that its rival's growth record - it has increased profits and earnings by more than 20 per cent in each of the past 13 years - had been maintained in part in recent years by currency effects and changes in accounting policies. BET said Rentokil's claim to be familiar with the bulk of BET's activities was "flawed" as the overlap between the two groups' businesses was less than 25 per cent. It said that Rentokil did not understand some of BET's businesses and in others BET was already doing what Rentokil said it planned to do. It also said that if the bid succeeded Rentokil could face exceptionally high gearing, with a negative net worth of £50m supporting net debts of £600m.

BET said it had been "close to default" in early 1991, when it had £500m of outstanding commercial paper, which had very short maturities, backed by only £300m of committed bank facilities. At one stage it also broke the covenants on two bank facilities. "The group had a full-blown liquidity crisis," said Mr James Lupton, a director of Barings Brothers and a BET adviser. Since then, BET said, it had been restored to financial stability under Mr Clark, who joined in April 1991, and in the 18 months since April 1 1994 it had seen "impressive" headline earnings growth of 29 per cent.

Over that period the group had spent £307m on capital expenditure, which was more than 155 per cent of depreciation. The announcement appears as a matter of record only.

# Enquiry casts shadow over TSB's sale of Hill Samuel

By Alison Smith, Investment Correspondent

A second inquiry by regulators into commercial property lending at Hill Samuel, the merchant bank, is casting a fresh shadow over TSB's prospects of selling the bank. The Bank of England is considering a report by City law firm Linklaters & Paine, commissioned by TSB, Hill Samuel's parent, into the merchant bank's property lending in the early 1990s. Its deliberations coincide with a separate inquiry by the Serious Fraud Office into alleged financial irregularities in the same area. "The Linklaters' report is thought to focus on whether Hill Samuel made proper and timely provision against bad debts on commercial property loans.

Although the allegations concern events from 1990 to 1992, the fact that inquiries are continuing is a blow to the probability of an early sale of at least some of the merchant bank. Its future within the Lloyds TSB group, which was created at the end of last year by the merger of Lloyds Bank and TSB, has looked insecure since the merger was announced last October. It is not a part of the retail banking and insurance business which is the focus of the group. Rumours of an impending disposal have persisted even though Sir Brian Pitman, Lloyds TSB chief executive, said last autumn that there were no plans to sell or close it down. One possibility is that its asset management division,

and its project finance, asset finance and leasing businesses could remain within the group, but that the corporate finance division could be sold if a buyer was forthcoming. Lloyds TSB said yesterday that it had been made aware of the conclusions of Linklaters' report, along with the Bank of England, and that the matter had been dealt with as part of its due diligence procedures for the merger. "We are confident that the investigation was handled thoroughly and properly and that there are no material implications for Lloyds TSB," it said. Hill Samuel was bought by TSB in 1987 for £777m. Losses of £422m in 1991 prompted TSB to put the merchant bank on the market, although it subsequently said that it would keep it.

# Pillar to follow its larger rivals into leisure

By Simon London, Property Correspondent

Pillar, the UK property company, is expected to announce this week that it is buying two leisure parks in a move which underlines investors' growing enthusiasm for leisure properties. The deal is Pillar's first move into the leisure sector, following MEPIC and British Land, its larger rivals. Leisure parks combine cinemas, restaurants and activities such as bowling and bingo on a single site. Investors hope they will deliver strong rental growth at a time when the outlook for the mainstream UK property market is uncertain. Pillar is paying £16.8m to acquire two parks under development at South Tyneside and Stockton-on-Tees. The vendor is THJ, a specialist developer of leisure property, which last year formed a joint venture with British Land to build three parks. The investments being acquired by Pillar are expected to generate annual rental income of about £1.5m, giving

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**West Rand Consolidated Mines Limited**  
(Registration Number 0161978/09)  
(Incorporated in the Republic of South Africa)

Notice of Annual General Meeting

Notice is hereby given that the 51st Annual General Meeting of members of West Rand Consolidated Mines Limited will be held in the Boardroom, 5th Floor, First National Bank House, corner Freedom Drive and West Street, Sandton, Johannesburg, at 11.30 am on 19 April 1996, for the following purposes:

- To receive and consider the annual financial statements for the year ended 31 December 1995;
- To elect directors in accordance with the company's Articles of Association;
- To place the unissued shares under control of directors in terms of the provisions of the Companies Act, 1973;
- To fix the remuneration of the directors in accordance with the company's Articles of Association;
- To re-appoint the auditors in accordance with the company's Articles of Association; and
- Special Business.

The following ordinary resolution will be proposed for members to consider and, if deemed fit, to pass with or without modification:

6.1 Ordinary Resolution to approve the allotment and issue of shares to directors

"Resolved as an ordinary resolution that directors referred to below having been granted options during the year in terms of the West Rand Consolidated Mines Limited Group Employee Share Incentive Scheme Trust, the company hereby approves, in terms of section 222(1)(c) of the Companies Act, 1973, the allotment and issue to any director referred to below of any of the number of shares set out against his name in so far as the exercises his options in respect of those shares:

Name of Director	Number of Shares
TSB Grobler	250 000
NV Armstrong	250 000
GJ Mowatt	100 000

A member entitled to attend and vote at the annual general meeting may appoint a proxy or proxies to attend, speak and vote in his/her stead. A proxy need not be a member of the company. Forms of proxy must reach the Johannesburg or the London transfer office of the company at least 48 hours (Saturdays, Sundays and official Public Holidays excluded) before the time of the annual general meeting. A holder of a share warrant to bearer who desires to attend or be represented at the annual general meeting must comply with the "Conditions governing share warrants" currently in force. Thereupon a proxy or an attendance form under which such share warrant holder may be represented at the annual meeting will be issued.

By order of the board  
V E KING  
Secretary

5 March 1996  
Sandton

Registered Office: First National Bank House, 5th Floor, Corner Freedom Drive and West Street, Sandton, Johannesburg (PO Box 31198 Braamfontein 2017), South Africa

London Transfer Office: Barclays Registrars, Bourne House, 34 Beaufort Road, Botolph Claydon, Suffolk, IP19 1AU

Note: The 1995 annual report is being posted to registered shareholders today and copies are available for holders of share warrants to bearer from the office of the United Kingdom Stock Exchanges, Mutual Companies Services Unit, 19 Charterhouse Street, London EC3N 3DR.

COMPANIES AND FINANCE

# Incentive to continue with asset disposals

By Hugh Carnegie in Stockholm

Incentive, a key Wallenberg empire company, is set to follow its full takeover of Gambro, the Swedish medical technology group, with significant asset disposals this year as it further remodels its diverse clutch of industrial holdings. Mr Mikael Liljus, chief executive, said yesterday.

But he said there were no plans for Incentive to offload the shareholdings it has through which the Wallenbergs exercise their half-ownership of Asea Brown Boveri, the Swiss-Swedish engineering giant, and half their controlling stake in Electrolux, the household appliance maker.

Although neither fit with Incentive's strategy to be an operational industrial company focused on medical technology, Mr Liljus said the group would keep both holdings. "There are no immediate plans for change regarding Asea and Electrolux," he said. But he added: "You will see further restructuring in 1996."

The main candidate for sale is Skandisaväska Elverk (SEV), a highly profitable power company with turnover last year of SKr1.9bn (\$279m) that currently supplies about 3 per cent of Sweden's electricity consumption. "SEV is in very good shape but it is not a perfect fit," Mr Liljus said.

He was speaking after Incentive announced a jump in pre-

tax profits - excluding contributions from associated companies - from SKr2.0bn in 1994 to SKr2.6bn last year. Group sales rose from SKr18.4bn to SKr24.5bn.

Incentive's steady evolution to a more focused, growth-oriented operation from a highly diversified conglomerate took a big step forward this year with the full takeover of Gambro, a blood treatment specialist which is a world leader in renal care.

Earlier this year, the group sold Hasselblad, the prestigious specialist camera maker, in the latest of some 40 disposals in recent years.

Medical technology, which accounted for SKr1.0bn in turnover last year, is now comfort-

ably the biggest unit in Incentive. But the group continues to own operations in transportation, environmental equipment, materials handling and power, as well as the Asea and Electrolux stakes.

Mr Liljus has made little secret of his long-term preference to offload the Asea and Electrolux holdings. One frequently canvassed solution would be to reshuffle them into Investor, the senior Wallenberg investment vehicle. But the Wallenberg camp has ruled this out, apparently for tax and other reasons.

Instead, Mr Liljus said remaining trading operations would be sold off and the power operations were also likely to be disposed of.

The latter achieved an operating margin of more than 31 per cent last year, well ahead of the 14.9 per cent returned by Gambro, the next most profitable unit.

Incentive is spending SKr10.8bn on buying up the 58 per cent of Gambro it did not already own. It has won acceptances for more than 99 per cent of the shares.

The acquisition will reduce Incentive's equity to assets ratio from 52 per cent to 35 per cent.

Mr Liljus said there was no urgent need to raise capital to strengthen the balance sheet. But he wanted to be prepared to finance Gambro's ambitions to expand, including through acquisitions.

# Escom chief cuts stake as part of reshape

By Michael Lindemann in Bonn

Mr Manfred Schmitt, chief executive of Escom, the beleaguered German computer retailer which recently announced 1995 losses of DM125m (\$84.25m), has reduced his stake in the company he founded from 48.5 per cent to 30 per cent as part of a restructuring which will give Escom DM100m of fresh funds.

A 16 per cent tranche has been passed on to BV Beteiligungsgesellschaft, a subsidiary of the Munich-based Bayerische Vereinsbank, and a further 2.5 per cent has been taken up by Siemens Nixdorf, the German computer manufacturer which already held a 10 stake.

Mr Schmitt's move coincides with a capital increase of DM60m and extended credit lines worth DM40m. The new shares have been taken up by Commerzbank, Germany's third-biggest bank, and "will be offered to shareholders who are entitled to them at the next available opportunity."

"The shareholders and the banks have thereby created the conditions which will enable Escom, through a consolidated financial base and an expanded group of shareholders, to successfully develop its business," the company said in a statement.

However, Escom's prospects remain unclear, especially as the DM125m losses contrast sharply with the significantly better figures forecast just six months ago.

The company said on Friday that while business this year remained brisk, there was no prospect it would be strong enough to make up for the slump in Christmas sales, a vital period for computer makers, and that stock problems persisted.

Escom's recent difficulties have put paid to a deal with RWE, one of Germany's largest conglomerates, which had said last September it would take a 12.5 per cent stake in Escom in order to improve the sales of its telecom businesses through Escom's 450 retail outlets across Europe.

## NEWS DIGEST

# Promodès ahead to FFr1bn for year

Promodès, the French retail group, reported net income up 13.6 per cent to FFr1bn (\$196.8m) for 1995. Turnover rose 6.2 per cent to FFr10.1bn, which the group said represented an increase of 6.6 per cent on a comparable basis and at constant exchange rates.

Operating profits fell 6.3 per cent to FFr2.2bn, which it said reflected new fiscal measures adopted by the French government costing an additional FFr106m, as well as its policy of accelerating development in other countries. Group debt represented 57.1 per cent of shareholders' funds. The board recommended a dividend of FFr12 per share, up 14.3 per cent.

Andrew Jack, Paris

# Brazilian steelmaker slips

Brazilian steelmaker Usiminas reported a net profit of R\$336.8m (US\$332m) for 1995, down from R\$356.9m in 1994. Turnover was R\$2.11bn, against R\$2.36bn in 1994, and return on shareholders' equity dipped from 14.1 per cent to 11.9 per cent. Earnings per 1,000 shares were R\$0.147, against R\$0.159. However, comparing the two years is difficult because Brazil changed currencies in July 1994.

Total production fell slightly from 4.28m tonnes to 4.26m tonnes. Sales fell from 3.76m tonnes to 3.64m tonnes, with domestic sales down from 2.46m tonnes to 2.45m tonnes and exports down from 1.32m tonnes to 1.2m tonnes.

Jonathan Wheatley, São Paulo

# Commerzbank in share sale

Commerzbank, Germany's third-biggest bank, has sold the 15.4 per cent stake in the Thyssen steel and engineering conglomerate which it bought last year, passing just over 2m shares on to mostly UK pension funds for a total of about DM575m.

The disposal means that the Fritz Thyssen Stiftung, a Thyssen family foundation, still holds an 8.6 per cent stake in the Düsseldorf-based group, as one of only two significant investors. A further block of 11.5 per cent will continue to be held equally by Commerzbank and the Allianz insurance group through an investment company. The remaining 79.9 per cent shares are held by private or institutional investors.

Commerzbank bought the 15.4 per cent stake last year from Counts Federico and Claudio Zichy-Thyssen, great-grandsons of the company's founder, August Thyssen. The bank said, however, that it never regarded the shares as a permanent investment and would pass them on to other investors within the 12-month period permitted by German cartel law.

Michael Lindemann, Bonn

# Popolare chief tipped for job

Mr Francesco Cesarini, chairman of Banca Popolare di Milano, is expected to be elected next chairman of Italy's stock exchange board following his inclusion among the 14 members appointed to the new board.

The appointments, made by Mr Lamberto Dini, the prime minister, acting in his role as treasury minister, follow consultations with brokers' associations. They do not include the present chairman, Mr Attilio Ventura, who has led Milan's stock exchange through its reforms of the past three years.

Mr Cesarini, one of five members reappointed, would represent continuity with the previous board, of which he was vice-chairman and whose mandate expires on March 15. The new board, which includes representatives of the central bank and Consob, the stock market watchdog, will play a transitional role guiding the stock exchange's transformation from a public into a private institution.

John Stinkins, Milan

# Newcrest seeks merger talks with Normandy after raid

By Nikki Tait in Sydney

Newcrest, the Australian goldmining group which snatched up 14.9 per cent of Mr Robert Champion de Crespigny's Normandy mining group in a stock market raid last year, has told its target that it would like to "explore the advantages of a possible merger".

Newcrest also owns 12.5 per cent of PosGold, Normandy's listed 51 per cent-owned goldmining offshoot. The initial PosGold stake was bought at the same time as the Normandy holding, and topped up in the market last week.

The merger suggestion was

made by Sir Roderick Carnegie, Newcrest's chairman, at a meeting with Mr de Crespigny in Frankfurt last week. Normandy rejected the suggestion, at least for the time being, saying it was "inappropriate to discuss or consider any such approach before the outcome of the Normandy merger meetings is known".

The Newcrest share raid came just weeks before shareholders in Normandy and three of its satellite companies (including PosGold) were due to vote on a four-way restructuring which would see them merged into one entity.

Aside from Normandy and PosGold, the two companies

involved in this plan are North Flinders Mines and Gold Mines of Kalgoorlie. PosGold has large minority stakes in both.

Following the Normandy group merger, the re-constituted board could then discuss the possibility of considering a merger proposal with Newcrest," said Normandy.

Newcrest has asked Mr de Crespigny to address its board tomorrow and explain why Newcrest should support the four-way merger - an invitation which has been accepted.

The existing merger plan will be put to shareholders of three of the groups involved next Friday, and to North Flinders shareholders on April 4.



Robert de Crespigny: will address Newcrest board tomorrow

# Japanese steel groups move back into the black

By Michio Nakamoto in Tokyo

Four of Japan's leading steel companies expect to announce a return to profit for the first time in three years when their business years end at the end of March, although some have downgraded earlier forecasts.

Kawasaki Steel, Kobe Steel, Sumitomo Metal Industries and NKK are moving out of the red, helped in most cases by restructuring.

Kobe Steel, which was hit by the effects of a devastating

earthquake in January last year, expects record net profits of ¥67bn (\$633m), against net losses of ¥96bn a year ago.

However, Kawasaki and Sumitomo, along with Nippon Steel, have warned that weakness in both domestic and overseas markets mean profits will be smaller than expected.

Nippon Steel, the world's largest steelmaker, now says recurring profits - before extraordinary items and tax - will be ¥53bn rather than the expected ¥80bn, against

¥11.2bn in the previous year. The company projects the increase despite a fall in sales to ¥2,050bn from ¥2,090bn.

Kawasaki Steel expects recurring profits of ¥16bn compared with a ¥18.9bn loss last year, and Sumitomo Metal Industries is forecasting recurring profits of ¥20bn.

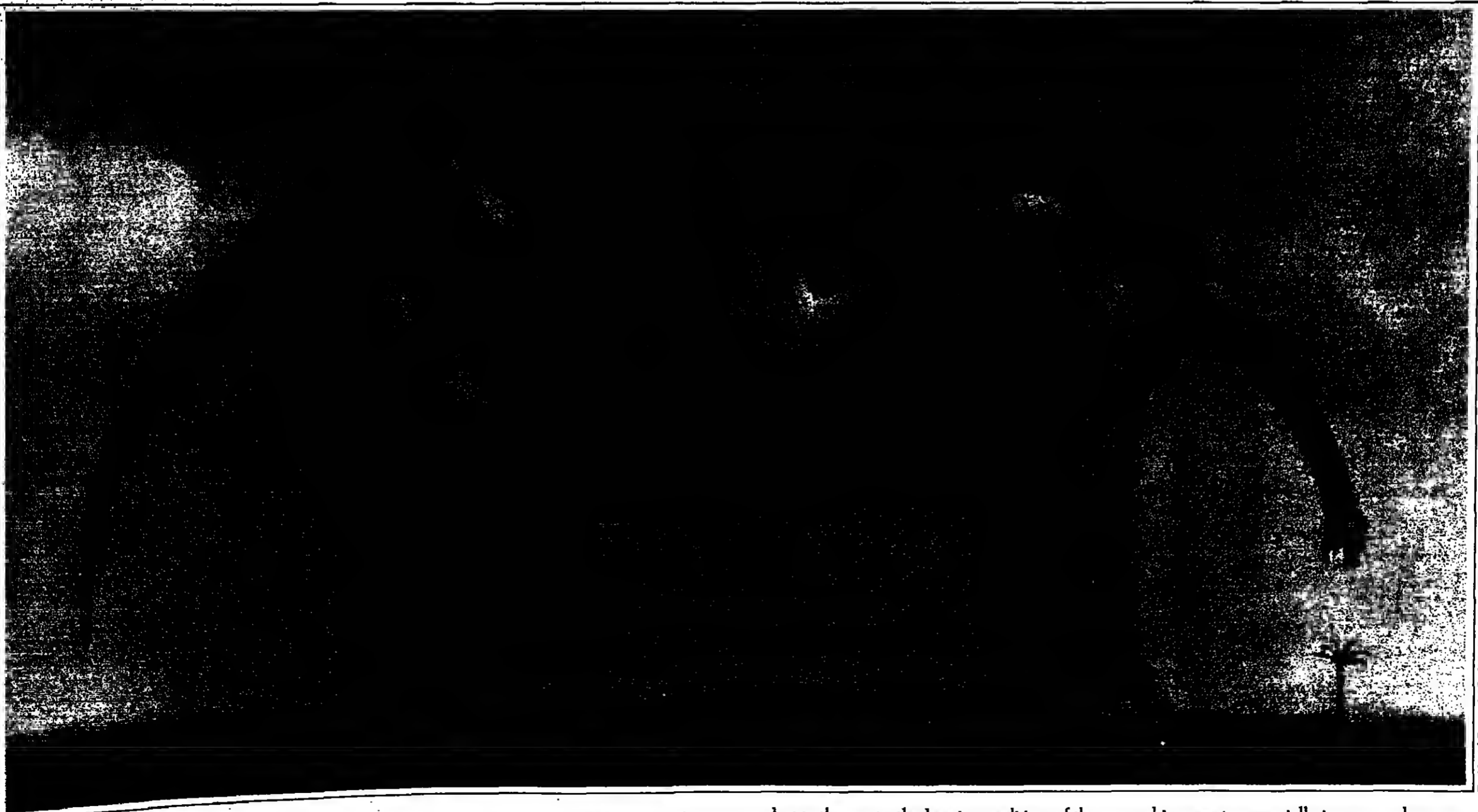
The three companies are more dependent on steel products than NKK and Kobe Steel, which respectively have large industrial plant and machinery or aluminium businesses.

The earlier part of the year was marred by a sharp rise in the yen's value, which led to falling competitiveness overseas as well as a flood of imports from lower-cost foreign steelmakers, notes Mr Minoru Hasegawa, industry analyst at BZW Securities in Tokyo.

Meanwhile, Japanese steelmakers had been encouraged by expectations of big rebuilding in the Kansai area that was hit by a severe earthquake, to boost production.

However, that demand failed to materialise as expected and in the latter half of the year, the slow pace of reconstruction combined with a near-40 per cent increase in imports to depress prices and resulted in a build up of inventories. At the same time, markets overseas also turned weak.

The steelmakers do not expect the situation to improve dramatically in the year ahead. As a result, they are counting largely on further restructuring to help them through.



WE'VE ALWAYS BEEN A BIT MORE FLEXIBLE THAN THE OTHER BIG BOYS. THANK GOODNEES

Science makes no bones about it: failure to adapt to a changing environment always ends in a trip to the evolutionary scrap yard. Which is not to say that size is an impediment to survival. Far from it. After all, with 35,000 employees worldwide and an annual turnover of DM 24 billion, you wouldn't exactly call Haniel a lightweight. Instinctively, we've always known how best to

adapt to the constantly changing conditions of the market, and how to distribute our corporate weight to maximum advantage. For instance, by opting for decentralised units that react with entrepreneurial swiftness. Close to the customer. Eminently flexible. So it's hardly surprising that we cut such a fine figure in the highly competitive fields of production, trading and services. It's something we've been doing for more than 240 years. Given the average life expectancy of a company, this is no mean

achievement - especially in an era when more than a few of the big boys have gone the way of the dinosaurs...

**HANIEL**

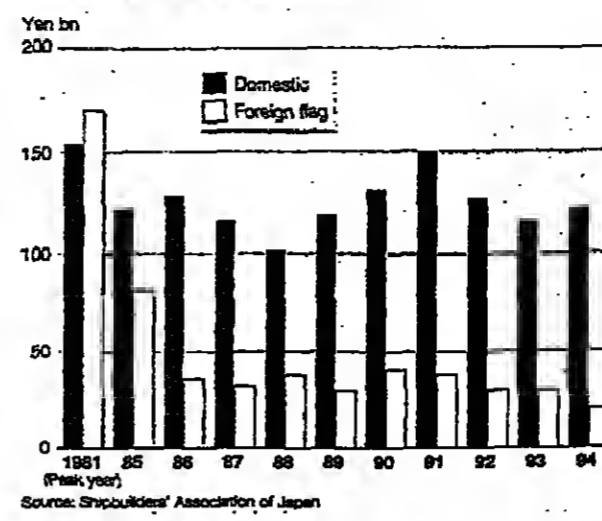
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COMPANIES AND FINANCE

Japan's shipyards in doldrums

Competition from Asia, excess supply and high costs have all taken their toll on the industry, writes Gerard Baker

Japanese shiprepair sales



Source: Shipbuilders' Association of Japan

Dry Dock Number 3 at the Sasebo shipyard in western Japan offers a powerful illustration of the current plight of Japanese shipbuilders.

Still face a hard slog in the face of excess supply at home and abroad, and high costs as a perennially strong currency intensifies competition in Asia.

A month ago, the US navy informed Sasebo, one of Japan's eight largest shipbuilders, that it wished to use the dock for long-term repairs to one of its ships, the 45,000 tonne USS Belleau Wood.

Japan still produces about one third of the world's ships - and, since the business is heavily cyclical, the emerging recovery in Japan and continuing strength in Asian markets should ensure that demand over the next few years grows steadily.

But the deal did not promise to be lucrative at all for Sasebo. In fact, the plan was that they should do it for free.

Under the terms of a contract between US forces, the Japanese government and Sasebo, in effect since the second world war, the US navy has the right to dock its ships at Sasebo's yards and have them repaired for nothing.

But last month, in an unprecedented act of defiance, the company refused. Tying up its largest dry dock for six months would, it said, cost the company ¥9bn (\$86m) - almost one third of its entire half-yearly turnover.

The use of Dock Number 3 in this way would literally kill the company, says a manager in the planning division at the company.

Mr Ryutaro Hasegawa, the company's president, told the US navy that Sasebo could not agree to the plan. In the past, he explained, the company might have been able to afford to allow a deal like the one proposed, but it was no longer financially healthy enough.

Negotiations have since come close to settling the dispute - it is probable that the US navy will agree to pay some of the repair costs. But the unusual acknowledgement of financial difficulties by Sasebo's management highlighted the continuing weakness of an industry that has been almost synonymous with Japan's post-war economic success.

Once unrivalled as the world's leading shipbuilders, Japan's yards have hardly been out of the doldrums in the past two decades. Following the oil shock in the mid-1970s, Japanese companies have had difficulty adjusting downwards their enormous capacity.

After several false dawns, the harsh reality is that they

And these are dollar-denominated figures. The situation has been much worse for Japanese companies as the exchange rate has moved sharply against them. In the period when the Japanese were increasing their share of orders, the yen reached its peak against the dollar, at around ¥90 - a factor that will bite hard into margins over the next few years.

Although growth in world demand is likely to lift orders over the next 10 years, that growth will coincide with expansion in global capacity. A recent wave of Korean investment will, according to some estimates, lead to overcapacity

level year - almost twice the level of a year earlier. Mitsubishi Heavy Industries, the largest company, said it would begin sourcing marine engines from manufacturers in Europe and Korea.

Investment in new technologies is also beginning to feed through into profitability. The re-equipping of shipyards with increasing automation has pushed Japanese production efficiency well ahead of its Asian competitors.

Most of the larger companies are also exploiting the diversified nature of their businesses and expanding their heavy engineering projects. Shipbuilding now accounts for just 8 per cent of Kawasaki Heavy Industries' total revenues, and 15 per cent of Ishikawajima Harima Heavy Industries' income.

But perhaps the most intriguing developments have been the first tentative steps towards partnerships. In the past 12 months a number of collaborative projects have been announced by the big companies. In the defence field, IHI and Sumitomo Heavy Industries announced plans for a company to build and repair warships. Hitachi Zosen and Mitsui Engineering and Shipbuilding signed a similar deal.

In civil shipbuilding, partnerships have even begun across borders. Last September, for example, IHI signed an agreement with a Chinese yard to build cargo vessels for a European company.

NEWS DIGEST

Sandvik sees lower result for 1996

A clear pattern for Sweden's leading exporters of weakening performance in recent months was echoed by Sandvik, the tools and specialty steels group, which reported a fall in profits in the fourth quarter of last year and warned that 1996 returns would be below the record set in full-year 1995.

However, the group was hit by weakening demand in western Europe in the second half, with conditions in France and Germany "surprisingly weak" in the fourth quarter. Fourth-quarter pre-tax profits slipped from SKr1.35bn to SKr1.31bn.

Earnings per share in 1995 rose 68 per cent from SKr2.75 to SKr4.60. The dividend was lifted 60 per cent from SKr3.75 to SKr6.00 a share.

Neste doubles dividend

Neste, the Finnish oil and energy group, rewarded investors who bought shares last year, when the state-controlled company was partially privatised, by doubling its dividend for 1995.

Investment in new technologies is also beginning to feed through into profitability. The re-equipping of shipyards with increasing automation has pushed Japanese production efficiency well ahead of its Asian competitors.

Brahma benefits from stability

Brahma, Brazil's biggest brewer, announced a sharp increase in profits for last year, helped by the country's economic stability. Net profits increased 73 per cent to R\$250.3m (US\$255m) in the year to December 31, from a restated R\$144.4m in 1994.

Shares in Broken Hill Proprietary, the Australian resources group, slipped 6 cents to A\$18.67 on Friday after the company warned that profits from its steel division would show a "significant deterioration" in the third quarter.

BHP shares slip on warning

Shares in Broken Hill Proprietary, the Australian resources group, slipped 6 cents to A\$18.67 on Friday after the company warned that profits from its steel division would show a "significant deterioration" in the third quarter.

In the year to March 1995, combined shipbuilding turnover was ¥863bn, a fall of 17 per cent on a year earlier

A gap of up to two years between orders and deliveries is reflected in recent sales and profits.

In the year to March 1995, combined shipbuilding turnover was ¥863bn, a decline of 17 per cent on a year earlier. (Other activities - such as heavy equipment manufacturing - offset much of the shipbuilding decline for most companies, but the decline in core business was dramatic.)

of up to 50 per cent in world markets by early next century.

Japanese companies also face further pressures from the shrinking defence market at home. Government defence plans for the rest of the decade, published last year, envisage the deepest cuts in naval vessels for decades.

GRANADA IS MOVING. From 11 March 1996, the headquarters of Granada Group PLC will be at Stormway House, 13 Cleveland Row, London SW1A 1GG. Tel: 0171 451 3000.

The fire which started on 28 February 1996 in an isolated area of the 31 Line longwall has been extinguished with the aid of the inert gas generator. It is anticipated that it will take approximately one week to rehabilitate the affected area and re-start production from the scope.

Blyvooruitzicht Gold Mining Company, Limited. (Registration number 05/09743/06) (Incorporated in the Republic of South Africa) ("Blyvooruitzicht"). TERMS OF THE RIGHTS OFFER.

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Oesterreichische Investitionskredit Aktiengesellschaft. Issue of up to US\$40,000,000 Subordinated Collared Floating Rate Notes Due 2004 of which US\$20,000,000 is being issued as the Initial Tranche.

WOOLWICH - Building Society - \$100,000,000 Floating rate notes due 1996. The notes will bear interest at 6.273% per annum from the period 11 March 1996 to 7 June 1996.

BANK OF GREECE US\$300,000,000 Floating rate notes 2003. The notes will bear interest at 6.0125% per annum from the period 11 March 1996 to 11 September 1996.

CREDIT LYONNAIS US\$100,000,000 Floating rate notes 2003. The notes will bear interest at 5.0125% per annum from the period 11 March 1996 to 10 September 1996.

Agent: Morgan Guaranty Trust Company. JPMorgan.

Agent: Morgan Guaranty Trust Company. JPMorgan.

FINANCE

# Not enough Orange to go round

With all the index funds after a piece, setting a fair price could be sticky, says Norma Cohen

For most fund managers, the imminent flotation of UK mobile telephone company Orange requires making a straightforward decision about value and price.

Not so managers of index funds - those who manage a basket of stocks the performance of which is designed to mimic that of a key index, such as the FT-SE 100 or the FT-SE Actuarial All Share.

These managers have little option but to buy, no matter what the price.

From late June, Orange, with an estimated market capitalisation of between \$2.2bn and \$2.4bn, will almost certainly be included in the FT-SE 100 and any fund manager committed to matching this index will have to own Orange shares.

The problem is that Orange shares will be scarce: only a quarter of the company is being offered to the public.

London Stock Exchange rules have long allowed companies to obtain a listing provided that they have a "free float" of at least 25 per cent of their share capital - in other words, that 25 per cent is available for trading.

The same percentage threshold applies to inclusion in the FT-SE 100 index, which is made up of the largest UK companies, measured by total market capitalisation. Thus a company with a total capitalisation of £1.7bn, but with traded share capital of only \$425m-£450m, can find itself in the FT-SE 100.

The rules of the index, which are overseen by an independent committee of City professionals, pre-date the rise of index fund management in the UK. Some fund managers say that these rules may now be responsible for distorting the prices for some share issues - those which only meet the minimum free float - and should be reviewed.

Index funds - which own an estimated 7 to 8 per cent of the shares on the UK stock market - need to buy the new issues to maintain their performance objectives.

A further 7 to 8 per cent of the market is dominated by quasi-indexers - fund managers whose strategy requires them to hold a weighting in every share in the index so that their annual returns do not deviate too far from it.

Thus, very little of a company's shares may be subject to the bargaining between buyer and seller which helps determine a new issue's price.

"If 15 per cent of the UK market is indexed, that's about half of what is available," said Mr Rick Lacaille, director of structured products at NatWest Investment Managers.

The fact that Orange shares are almost certain to be admitted to the FT-SE 100 at the next quarterly committee meeting, on June 12, makes them "a pretty significant one-way bet".

This point has not been lost on investment bankers who are responsible for distributing new shares to investors.

"These rules are probably slightly outdated," conceded one banker. "You could probably increase the threshold [for entrance to the FTSE] as the level of indexation in the UK rises."

Orange is only the latest in a spate of offerings of partial

stakes in large companies which have then entered the FT-SE 100.

Last September Pearson, publisher of the Financial Times, sold its 8.5 per cent holding in BSKyb, which pushed that company's traded share capital just above the 25 per cent threshold. The stake was placed almost entirely with indexers.

Pearson was aware of the premium that probable entrance to the index would place upon the shares and structured the deal with its advisers so that it captured that premium.

While BSKyb shares have traded, for the most part, above the price at which they entered the index, passive fund managers are less happy about the performance of their shares in the National Grid.

Last December recently privatised regional electricity companies sold enough shares in the Grid for it to cross the 25 per cent threshold and enter the index. But the December sale price of 208p has not been seen since.

Prices for shares in Orange, BSKyb and National Grid were arrived at through a "book-building" exercise designed to reflect actual demand. Without demand from the indexers, one may only speculate what the share prices might have been.

For their part, the advisers say it is not in their interest to simply obtain the highest possible share price.

After all, they must approach index fund managers again and again to buy new issues and antagonising them is likely to backfire.

Moreover, they are required to maintain an orderly after-market and setting too high a price will cost them dearly as they try to stabilise a new issue.

Instead, they point a finger at the fund management community and the consensus-oriented approach to portfolio construction.

"The problem in the UK is that the fund management community is more concerned with relative performance than with absolute performance," said one investment banker. "That is what causes the real squeeze."

The preoccupation with performance returns close to the index, or to the industry median, means that even non-index fund managers want more than anything to buy shares below or at the price they enter the index.

"Our target is to beat the price at which the shares go into the index," said Mr Lacaille, an indexer. "It's not a value-added process but it is the least risky."

Indexers who feel that the share price is too high have few options. There are hedging strategies which can be employed by those determined not to buy over-priced shares. These include the purchase of call options in advance of a stock entering the index.

In the case of Orange, indexers may try to buy a proxy, possibly in the form of a basket of mobile telephone company shares whose performance is likely to be similar.

However, such alternative strategies raise the risk of so-called tracking error - the degree of deviation between the tracked index's returns and those of the fund manager.

But some fund managers believe the real solution lies in requiring greater free float before a share can enter the index at all. "You have to question whether the rules are really up to date," Mr Lacaille said.

## Nugget of wisdom in worthless paper

Anyone who has endured the ignominy of trying to pay for a restaurant meal with an overdrawn credit card will enjoy the experience of Donald M Coxe, recently named chairman and chief strategist for Chicago-based Harris Investment Management. Norma Cohen writes.

Coxe, right, was in London last month, along with other luminaries, to address the joint international advisory board of Barrick Gold - one of the world's leading gold producers - and Horscham, its controlling shareholder.

He paused at fancy food purveyors Portnum & Mason, near Piccadilly Circus, to buy some cheese and tea, paying with a £50 note obtained from Harris Trust & Savings Bank, parent of his investment management company.

Unhappily for Coxe, the eagle-eyed shop assistant instantly spotted the note was a fake and called a security guard, who in turn called the police. They hauled him down to Vine Street, the local police station, for questioning.

After 90 uncomfortable minutes, the police were persuaded by virtue of his position, his temporary residency at a most exclusive, invitation-only hotel and his stock of genuine £50 notes, that he was the victim of someone else's fraud.

Harris Bank, it seems, had obtained the counterfeit £50 notes from a bank in New York which it has declined to identify publicly, although its name has been passed to US law enforcement authorities.

Despite the discomfort of the incident, Coxe believes it offers important insights into the relative merits of various monetary instruments.

"One lesson I learned from this," he told the assembled Barrick-Horscham board, "is the enduring value of gold."



FACES

### Magalhães Pinto clan in a sea of troubles

There seems to be no end to the bad news afflicting Brazil's Magalhães Pinto family, one of the country's wealthiest, Angus Foster writes. Already distraught by the loss of the family's bank last year, its patriarch and his sister both died within hours of each other last week.

The family was forced last year to give up control of Banco Nacional, a leading Rio de Janeiro-based bank, amid a liquidity crisis. Allegations of fraud, apparently involving several

billion dollars and going back several years, then started swirling around the bank and prompted the senate last Wednesday to instigate a full enquiry into Nacional and Brazil's financial system.

he had difficulty remembering such matters. Just a few hours later, his sister also died.

Attention will focus in coming weeks on two of his sons who ran Nacional, Marcos and Eduardo. The senate is expected to call both as witnesses for its investigations, and some politicians are already claiming the brothers must have known what was going on, which media reports blame on a senior functionary. Both have refused to comment publicly since they lost control of Nacional, which the central bank sold to its rival Unibanco last November.

Despite its wealth and connections - the two brothers' sister, Ana Lucia, is married to the son of Brazil's President Fernando Henrique Cardoso - the family lives discreetly in Rio de Janeiro. Friends say the family is shocked by its sudden fall from grace, and Ana Lucia has hardly appeared in public since the bank's problems became known.

### No shotgun weddings for Belgian banking

Daniel Cardon de Lichtboer is a man not afraid of controversy. Neil Buckley writes. The affable chief executive of Banque Bruxelles Lambert, Belgium's fourth-largest bank, last summer launched the biggest debate in the Belgian financial world - about the need for a "GBB", or "Grande Banque Belge".

Cardon's thesis is that there are "too many medium-sized banks in Belgium". None, he says, is big enough to compete in the international market - especially if the Belgian franc is swept away by a single European currency.

His views gained support in December from finance minister Philippe Meystadt, and a month later from Elio Di Rupo, economics minister. But they were not universally welcomed in the banking sector, and his statement in a newspaper interview last summer that he would like to see his own bank, BBL, merge with another produced a flurry of headlines

suggesting BBL was for sale - which the bank rushed to correct.

Last week, reporting a 15 per cent increase in net profits, Cardon reiterated that his bank was "not for sale". But he defended his views on the need for mergers, and said it was almost inevitable that BBL would merge or form an alliance with another bank within the next few years, just as Banque de Bruxelles and Banque Lambert merged 21 years ago to form BBL.

Who might be a suitable partner? Ferdinand Chaffart, chief executive of Générale de Banque, said last week that his philosophy was to be "standalone". Meanwhile, Crédit Communal de Belgique, the state-owned bank seen by analysts as another candidate for merger with BBL, has, in the words of Cardon, "internal problems which make it difficult to be flexible".

Cardon retires from BBL next year, but the debate he sparked on the future of Belgium's banks may well outlast him.

### Dinner invitation from Sir Terence

Can Sir Terence Conran, the man behind glitzy London restaurants such as Quaglinos and Mezzo, persuade City workers to stay around after dark?

When the Great Eastern Hotel - the only one in the Square Mile - reopens in 1998 following a £30m refit, there will be three Conran eateries to choose from, including a glamorous 300-seater along the lines of Quaglinos, Simon London writes.

The lunchtime market should be easy to please. The City is notably short of affordable and affordable lunch spots. But lunch trade alone is unlikely to deliver a handsome return on Conran's investment. "The real trick is to get people in the evenings," admits Des Gunewardena of Conran Holdings. "No one in the City has cracked it yet, but if we create a sufficiently exciting destination I am sure people will come."

This announcement appears as a matter of record only.

March 1996

# Zagrebačka banka

SFR 130,000,000

## Term Loan

Arrangers:

Creditanstalt-Bankverein

Dresdner Bank Luxembourg S.A.

Union Bank of Switzerland

Lead Managers:

Bank Austria Aktiengesellschaft

Bayerische Landesbank Girozentrale

Bayerische Vereinsbank Aktiengesellschaft

BHF-BANK/Živnostenská banka, a.s.

Credit Suisse

Hungarian Foreign Trade Bank Ltd

Managers:

Všeobecná úverová banka a.s., Bratislava

Bank Brussels Lambert S.A., Brussels

Komerční banka a.s., Prague

Société Générale

Banca Commerciale Italiana, Frankfurt am Main Branch

Berliner Bank AG - Bankgesellschaft Berlin Group

Central Wechsel- und Creditbank Aktiengesellschaft

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WestLB Group

Co-Managers:

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Republic National Bank of New York

Zürcher Kantonalbank, Zürich

Agent:

Union Bank of Switzerland

CREDITANSTALT

Dresdner Bank Luxembourg S.A.

Union Bank of Switzerland

### FUND MANAGEMENT

US\$200,000,000 Subordinated collateral Floating rate Notes due 2002

Notice is hereby given that for the interest period 11 March 1996 to 11 September 1996 the notes will carry an interest rate of 5.144537% per annum. Interest payable on 11 September 1996 will amount to US\$262.94 per US\$10,000 note and US\$6,573.57 per US\$250,000 note.

Agent: Morgan Guaranty Trust Company

JPMorgan

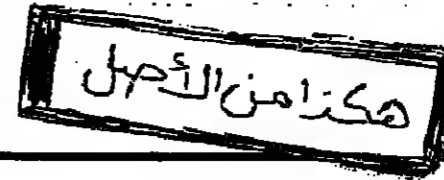
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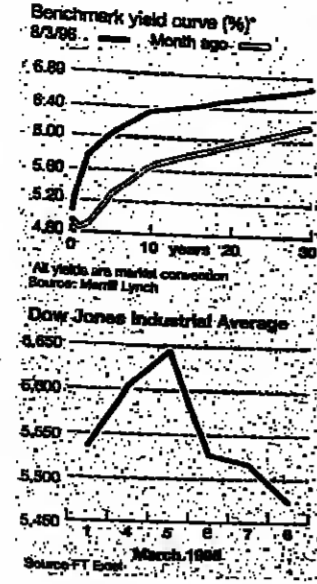




MARKETS: This Week

NEW YORK By Richard Tomkins

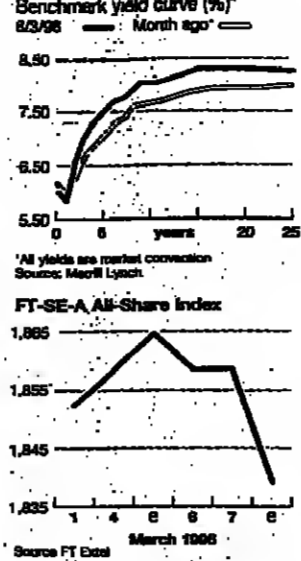
Today will be an anxious day in the US equity and bond markets. For weeks, investors have been living in the hope and expectation that the Federal Reserve would move to cut interest rates in the not-too-distant future.



The response was a selling frenzy: the benchmark 30-year long bond tumbled 3/4 to 9 3/4% and the Dow Jones Industrial Average followed it, closing 171.34 points down at 5,470.45.

LONDON By Philip Coggan

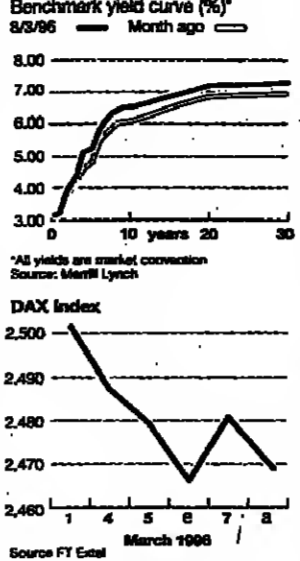
Bond and equity markets in London will start the week in a nervous mood after Friday's sharp falls on Wall Street which followed the publication of stronger-than-expected US employment data.



The data raised doubts as to whether the US Federal Reserve would continue to cut interest rates, one of the factors which had been driving the international bull market.

FRANKFURT By Wolfgang Münchau

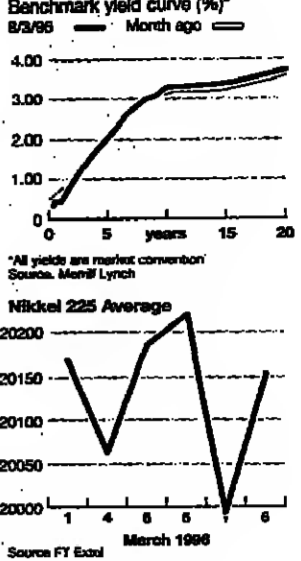
The main point of interest in German financial markets this week will be the Bundesbank's council meeting on Thursday. With the continued weakness in the German economy and an absence of inflationary pressures, there is speculation of further cuts in the discount and Lombard rates, even though at 3 and 5 per cent respectively they are already at a low point compared with previous cycles.



One of the reasons the Bundesbank might want to wait is the bond market's continued nervousness. The markets remain sceptical about European Monetary Union, especially in view of a recent D-Mark bond issue flop.

TOKYO By Emiko Terazono

While the authorities brushed aside concerns about last week's plunge on Wall Street during the weekend, caution is likely to prevail among investors. Last week's decline in US bond and equity prices will affect confidence at a time when uncertainty over the Japanese budget and lingering fears of a rise in long-term interest rates have weighed on Tokyo markets.



Profit-taking by banks and corporate investors looking to prop up earnings by realising gains on their portfolios ahead of the March book-closing will also continue to cap prices.

COMMODITIES

Big week in prospect for gold

If stock markets collapse this week will gold play its traditional role as a safe haven and show a big jump in price? Gold was already rising on Friday and closed in London at \$395.50 a troy ounce. Some analysts suggest worries about wobbly stock markets will see more "hot" money directed towards the market and the \$400 an ounce barrier might be broken again.

OTHER MARKETS

BRADY BONDS

Emerging-market bond dealers will be closely watching US Treasuries this week after the rout in the US market on Friday sent Brady bond prices into a tail-spin.

JOHANNESBURG

Investors keenly courted by the world's emerging markets will look to the South African finance minister, Mr Chris Liebenberg, for a renewed commitment to control public spending when he presents the national budget to parliament on Wednesday.

HONG KONG

The market could be in for a roller-coaster week as investors assess the impact of China's missile firing off Taiwan and check on the likelihood of a cut in US interest rates after Friday's jobs data.

CURRENCIES

Traders cautious ahead of US inflation statistics

The point of departure for currency-markets this week is sure to be last Friday's US employment report. The dollar's response to the much higher than expected payrolls growth was very modest. But markets still need to decide whether the stronger growth, higher interest rate scenario favours the dollar, or a lower growth environment, which is more bond-friendly.

JOHANNESBURG

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FT GUIDE TO WORLD CURRENCIES

Table with columns for Country, Currency, Bid, Ask, Bid, Ask, Bid, Ask, Bid, Ask. Lists various countries and their currencies with corresponding market rates.

JCI Limited logo and company information. H.J. Joel Gold Mining Company Limited. Registration number 85-01956-061.

TERMS OF THE RIGHTS OFFER. Further to an announcement dated 1 March 1996, H.J. Joel is to proceed with a rights offer of 164 606 848 new ordinary shares of one cent each to be issued at a subscription price of 20 cents per share on the basis of 84 new ordinary shares for every 100 ordinary shares held in H.J. Joel at the close of business (16:00) on Friday, 15 March 1996 ("the offer").

ATHENS STOCK EXCHANGE March 1st - March 8th 1996. Table with columns for Index, %Chg, Vol, etc. Includes sub-table for GREECE with columns for ASE INDEX, P/E 95e, etc.

MARKETS: This Week

EMERGING MARKETS By Peter Montagnon and Laura Tyson in Taipei

Chinese cloud over Taiwan stocks

Taiwan's stock market took a hammering last week from news of Chinese missile tests in waters just off China's two largest ports.

The corporate sector is in the doldrums. A sharp fall in the price of semiconductors is likely to affect electronics sector profits and the financial sector is suffering from weakness in the property market.

Capel says prospective multiples on blue chips are lower, in the range of 9 to 12. They could drop further as earnings expectations for electronics companies are revised downwards.

Other analysts are now looking for a sustained recovery only in the second half of the year, and many expect the rocky ride to continue as the political situation remains tense.

Whether this marks the start of a sustained rally is open to doubt. The immediate cause of the recovery was buying from the government's NT\$200bn stabilisation fund together with a modest relaxation of central bank reserve requirements.

That may help offset the missile fright, but the scenario in which many investors had been working until last week has now been thrown into question.

But there is a growing conviction that China will not abandon its hard line in the short term. Central bank intervention to hold the Taiwan currency at its floor of NT\$27.50 suggests a further drain on liquidity.

Polish brewer's issue plan sparks row

Poland's Securities Commission has approved a new share issue by Okocim, one of the country's two listed breweries, despite charges that the capital increase is designed to dilute a 25 per cent strategic stake held by Bran and Brunnen.

Bran and Brunnen, which has held the stake for two years, is going to court to have the shareholder meeting's decision on the issue of between 3.6m and 10m shares annulled.

Okocim last year controlled 9.3 per cent of the domestic beer market and reported a 14.1m zloty (\$5.5m) net profit, which it says will rise to 16m zlotys this year.

Bran and Brunnen, which fears its holding could be reduced to 14 per cent as a result of the issue, says it will purchase shares on the stock market to restore its stake if necessary.

DERIVATIVES By Samer Iskander

Exchanges face challenge of a single currency

A move to a single currency would undoubtedly be the most important challenge facing European derivatives exchanges in coming years, as convergence of economic and monetary policies would lead to lower interest rate and exchange rate volatility.

And the threat of lower trading volumes eating into exchanges' revenues could lead to cut-throat competition for a larger share of the remaining transactions.

The Matif, the French futures market, is aware that some of its foreign exchange options are ultimately condemned. Assuming national currencies were effectively replaced by the euro on January 1 1999, options on D-Mark and FF/£ parities would give way to a single euro product.

Depositing on the final convergence timetable, the Matif's D-Mark/£ and D-Mark/Italian lira contracts would eventually have to be abandoned as well.

Matif officials are well aware of the mounting pressure and are working on strategies to compensate for the business exchange is bound to lose.

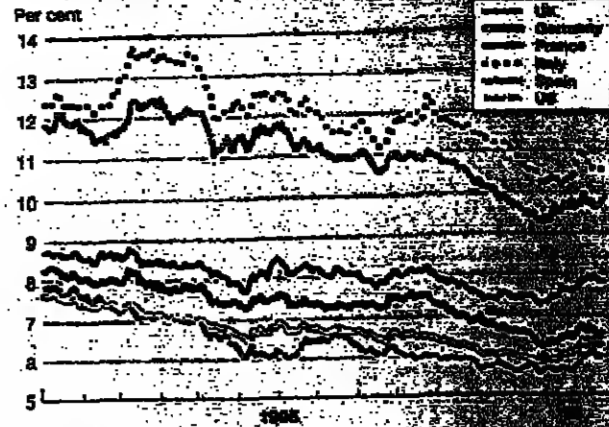
They are not eager to discuss these plans, but a new currency product could be in the pipeline, possibly a yen-related option. Also, rumours have recently circulated in Paris, of the imminent launch by the Matif of a currency future.

What Matif executives have said is that they believe there is room for just one leading European exchange for currency derivatives, and that this position is up for grabs.

Hopes are high that combining the volumes of D-Mark/£ and FF/£ transactions could make the euro/£ contract particularly liquid, and help lay the foundations for a large European currency-derivatives exchange.

The Matif's high hopes for its transatlantic products were further reflected in its decision, last Friday, to create new "semi-strike" prices on D-Mark/£ and FF/£ options, effectively doubling the number of contracts listed and offering additional flexibility.

10-year benchmark bond



Source: FT Intel

INTEREST RATES AT A GLANCE

Table with columns for Country, Term, and Rate. Includes USA, Germany, France, Italy, and Spain rates for various terms like Discount, Overnight, Three month, One year, Five year, and Ten year.

(1) France-Paris rate, (2) UK-Geneva rate, (3) Japan-Tokyo rate

ING BARINGS SECURITIES EMERGING MARKETS INDICES

Table showing indices for Latin America, Europe, Asia, and Africa with columns for Index, Week on week movement, Month on month movement, and Year to date movement.

All indices in \$ terms, January 7th 1992=100. Source: ING Barings Securities.

Notice of Early Redemption to the Holders of GD Guangdong Investment Limited U.S. \$102,000,000 4 1/2 per cent. Convertible Bonds due 1998

An important announcement to our stockholders: Copies of the 1995 Annual Report of Citicorp can now be obtained from: Citibank, N.A., 336 Strand, London WC2R 1HB.

NEW INTERNATIONAL BOND ISSUES table with columns for Issuer, Amount, Maturity, Coupon, Price, Yield, Launch, Book-runner.

Notice to the Holders of ODOKU ELECTRIC RAILWAY CO., LTD. (the "Company") Y20,000,000,000 1 1/2 per cent. Convertible Bonds due 1998

Notice to the Holders of the Warrants to Subscribe for Shares of Common Stock of KISSEI PHARMACEUTICAL CO., LTD. (the "Company")

NATIONAL BANK OF CANADA U.S. \$250,000,000 Floating Rate Notes due 1998

ANGLO IRISH BANKCORP Anglo Irish Bank Corporation plc Floating Rate Notes due 1998

EURO MEDIUM TERM NOTE PROGRAMME SOCIETE GENERALE, SGA SOCIETE GENERALE ACCEPTANCE N.V. AND SOCIETE GENERALE AUSTRALIA LIMITED

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THE WEEK AHEAD

UK COMPANIES

TODAY BOARD MEETINGS:

- Automated Security
- British Vita
- DRS Data & Research
- Fairway
- Forward Technology
- Hibernian
- Hiscox Select Insurance
- Laporte
- Lopex
- Mercantile Tst
- Partco
- Pentland
- Perelmon
- RPS
- Refuge
- Roxboro
- Rugby
- Spandex
- Spirax-Sarco
- Sutor
- Intarims:
- Everest Foods
- Headway
- M & G Recovery Inv Tst
- Pochins
- Thorntons
- Wolesey

TOMORROW COMPANY MEETINGS:

- Shani, Marriott Hotel, 10, Grosvenor Square, W., 12.00
- Witan Inv, Old Horticultural Hall, Vincent Square, S.W., 7.05

BOARD MEETINGS:

- Finals:
- Berlin
- Batim

Britton

- CMG
- Calderburn
- Capital
- Christians Int
- Cordiant
- Crestacre
- Dunedin Inc Growth
- Delta
- Expamat Int
- Fidelity Japanese Values
- Holliday Chemical
- Huntingdon Int
- Kalon
- M & G Inc Inv Tst
- Pacific Assets Tst
- Parity
- Prudential
- Record
- TI
- Williams Higgs
- Intarims:
- Everest Foods
- Headway
- M & G Recovery Inv Tst
- Pochins
- Thorntons
- Wolesey

WEDNESDAY MARCH 13 COMPANY MEETINGS:

- Garmore British Inc & Growth Tst, 16-18, Monument Street, E.C., 2.30
- London Scottish Bank, St James's Club, Charlotte Street, Manchester, 12.00

BOARD MEETINGS:

- Finals:
- BPP
- Baynes (Charles)

Brent Int

- Church
- English China Clays
- Haden MacLellan
- Heywood Williams
- JIB
- Lambert Howarth
- Radius
- Read Int
- Rosebys
- Schroders
- Tilbury Douglas
- Waste Recycling
- Intarims:
- Ricardo
- Shires Pharmaceuticals

THURSDAY MARCH 14 COMPANY MEETINGS:

- Loades, Sheraton Skyline Hotel, Bath Road, Hayes, 11.30
- Lookers, Lancashire County Cricket Club, Old Trafford, Manchester, 12.00

BOARD MEETINGS:

- Finals:
- Anglo Aerican Ind
- BTR
- Biotrace
- Bostrom
- British Mohair
- Coats Viyella
- CU Environmental
- Davis Service
- Emess
- Exco
- Jayes
- Legal & General
- Mayflower
- Micro Focus
- Pittard
- Reckitt & Colman
- Steel Burill Jones

United Biscuits

- Wadmoughs
- Wood (Arthur)
- Intarims:
- BZW Endowment Fd
- F & C High Inc Tst
- Logica
- Sirdar
- Television Corp

FRIDAY MARCH 15 COMPANY MEETINGS:

- Alexanders Higgs, 7-10, Old Park Lane, W., 12.00
- Central Motor Auctions, Auction Centre, Pontefract Road, Rothwell, Leeds, 11.00
- Eurocamp, Cottone Hotel, Manchester Road, Knutsford, Cheshire, 2.30
- Johnson Fry Second Utilities Tst, 20, Regent Street, S.W., 11.30

BOARD MEETINGS:

- Finals:
- Aspen Comms
- British Data Mngmnt
- Motiflex
- Mowlam (J)
- Perry
- Serif
- Wernbley
- Walker (Thomas)

Company meetings are annual general meetings unless otherwise stated.

Please note: Reports and accounts are not normally available until approximately six weeks after the board meeting to approve the preliminary results.

Prices for electricity generated by the proposed... (Table with columns for 1/2 hour, 1/4 hour, 1/8 hour, 1/16 hour, 1/32 hour, 1/64 hour, 1/128 hour, 1/256 hour, 1/512 hour, 1/1024 hour)

DIVIDEND & INTEREST PAYMENTS

TODAY: Argyl 8 1/2% Bd 2000 £81.25, Exon \$0.75, Fuji Bank Int Fin Perp Sb FRN \$18705.05, Grace (WR) \$0.125, Kubota FRN 1987 Y20498.0, Lilly (E) \$0.3425, Quality Care Homes 3.3p, Rockwell \$0.28, Smith (David S) 2.45p, Sumitomo Heavy FRN 1988 Y22395.0, Tokai Bank Nederland Flt/Fxd Rata Gld Nts 2004 \$32228.17, Treasury Flt Rata 1999 £1,5769

TOMORROW: Bankamerica \$0.54, Challenge Bank FRN 1997 \$18.74, Fuji Bank Int Fin 8 1/2% Sb Gtd Bd 2001 \$86250.0, Ireland Res Sec Home Mortgages (No 1) Class A1 FRN 2025 IRE1442.42, Japan Airlines 7% Bd 1996 Y700000.0, Kuala Lumpur Kepong M&O 20 Marubi Int Fin Var Rate Bd 1996 Y645000.0, Morserio \$0.69, Prism Leisure 1.38p, Ransomes Cm Cv Pf 4.125p, Sapporo Breweries FRN 1997 Y179709.0, Sotby's Class A Lim/Vtg \$0.08, Tenneco \$0.45

WEDNESDAY MARCH 13: Ashanti Goldfields \$0.25, GHS 12 1/2% Gtd Sec Bd 2015 £128.25, General Motors Acceptance 9 1/2% Nts Mar 1996 \$456.25, Gold Fields Property R0.40, Hydro-Quebec 12 1/4% Ln 2015 £5,375, Kinick 0.35p, Marubeni Int Fin 6 1/2% Ser A Yen/US\$ Bd 1997 Y650000.0, Do Ser B Y650000.0, Nationale Investeringstsbank Sb FRN 2002 \$145.35, Vogels Metal R0.35

THURSDAY MARCH 14: Chase Manhattan Sb FRN 2009 \$150.09, Crabtree 5.25p, Daejan 16p, Hongkong & Shanghai Banking Prim Lnd FRN (Ser 2) 576.62, Investors Capital Inc Ann Rest/Vtg 1.35p, Do Units 1.35p, London Scottish Bank 3.55p, Pfizer \$0.30, Regby Gtd FRN Dec 1997 \$15400.49, Santander, Fin Iss Sb Gtd FRN 2004 \$317.55, Scandinavian Airlines 9 1/4% Bd 1999 FR225.0, Witan Inv 3.5p, Young & Co's Brewery 9 1/2% Db 2018 £4.75

FRIDAY MARCH 15: Atlantic Richfield \$1.375, Beatrice Mines R0.63, Brunswick \$0.125, CSX \$0.25, Christiania Bank 8% Sb Nts 1996 \$283.85, Dana \$0.23, Dover \$0.15, Edinburgh Inv Tst 3.85% Cm Pf 1.825p, Elandsrand Gold R0.30, Forte FRN 1999 £1777.73, Gantra Flt Rata Sb Cap Db 1998 \$304.60, Gracechurch Personal Loan Fin (No 1) Class A FRN 1996 £169.82, Do Mezzanine FRN 1998 £227.57, Grovitel Proprietary Mines R0.10, Grosvenor Inns 2.75p, Inco \$0.10, Leslie Gold Mines R0.05, Loades 1p, Louisiana Land & Expln \$0.06, Midland Bank Non-Cm S Pf Ser A1 \$0.355, Do Ser A2 \$0.8875, Morrison (Wm) Supermarkets 5 1/4% Rd Pf 2.625p

NK Properties Ltd Units R0.3088, NTT Data Comms 3.3% Bd 1998 Y330000.0, Newcastle Bldg Scty 12 1/4% Bd 2020 £5.125, Royal Bank of Canada Flt Rata Db 2065 \$151.67, Sanna Australia Fin Gtd Fxd/FRN 2004 \$1555.66, Southvaal R2.80, Spintab FRN Sep 1998 \$154.83, Sweden (Kingdom of) 9 1/4% Ln 2014 £487.50, TI Smaller Co's Inv Tst 1.5p, TRW \$0.55, Time Warner \$0.09, Trinova \$0.20, Unidare Units R12.26p, Unisel Gold Mines R0.25, Vaal Reefs R7.0, Western Deep Levels R2.40, Whiplod \$0.34, Winklaak Mines R0.40

SATURDAY MARCH 16: Treasury 2% IL 1996 £2.19

SUNDAY MARCH 17: Dairve Europe Bank Step-up Callable Nts 1998 Y1550000.0, Do Step-up Callable Nts 2000 Y1500000.0, Welsh Water Utilities Fin 7 1/2% Gtd Bd 2004 £71.25

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This issue also features a survey on lump sum Peps performance, reviewing the results of plans after the deduction of all charges.

Plus, Janet Walford, editor of Money Management and first financial journalist to pass all three FPC papers, and training specialist David Wicks give practical exam hints, techniques and guidelines to passing FPC3.

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- Dr Hans Jürgen Ahrens, Managing Director, AOK-Bundesverband
- Mr Michel de Rosen, President & Chief Executive Officer, Rhône Poulenc Rorer Inc
- Mr Eli Hurvitz, President & Chief Executive Officer, Teva Pharmaceutical Industries Ltd
- Dr Chris Evans OBE, Founder, Chiroscience plc
- Dr Henry A McKinnell Jr, Executive Vice President, Pfizer Inc
- Mr Gerald Malone MP, Minister of State for Health, UK

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Mr/Ms/Ms/Ms/Dr/Other

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Surname: \_\_\_\_\_

Position: \_\_\_\_\_

Department: \_\_\_\_\_

Company/Organisation: \_\_\_\_\_

Address: \_\_\_\_\_ City: \_\_\_\_\_

Postcode: \_\_\_\_\_ Country: \_\_\_\_\_

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Expiry date: \_\_\_\_\_ Signature of cardholder: \_\_\_\_\_

Cancellation Policy: Cancellations must be received in writing by Monday, 11 March 1996 and will be subject to a 20% cancellation fee unless a substitute delegate is offered. After this date, the full registration fee will apply, however substitutions will still be accepted.



WORLD STOCK MARKETS

Main table of world stock markets including sections for EUROPE, BELGIUM/LUXEMBOURG, GREECE, ITALY, NETHERLANDS, POLAND, PORTUGAL, SPAIN, SWEDEN, SWITZERLAND, TURKEY, PACIFIC, JAPAN, NEW ZEALAND, SINGAPORE, SOUTH AFRICA, and AFRICA. Each section lists various stocks with their respective prices and changes.

Advertisement for Rockwell International. Text: 'As builder of the Space Shuttle and its main engines, Rockwell continues to explore the frontiers of space'. Includes Rockwell logo and contact information for various divisions like Aerospace, Defense Electronics, etc.

Section titled 'INDICES' containing various market indices. Includes 'US INDICES' with Dow Jones, S & P 500, and Nikkei. Also includes 'AUSTRALIA', 'SOUTH KOREA', 'TAIWAN', 'THAILAND', 'NORTH AMERICA', and 'TORONTO'. Each index is accompanied by a table showing values for different dates and time periods.

Section titled 'INDEX FUTURES' containing data for various futures contracts. Includes 'CAC-40', 'DAX', 'S&P 500', 'SOFFEX', and 'MEXICO'. Each contract is listed with its current price, change, and other relevant data.

Section titled 'MEXICO - MOST ACTIVE STOCKS' listing the top trading stocks in Mexico. Includes columns for 'Stocks Traded', 'Closing Price', and 'Change on day'. Lists companies like Mison, NKK Corp, and others.

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CURRENCIES AND MONEY

**POUND SPOT FORWARD AGAINST THE POUND**

Mar 8	Closing mid-point	Change on day	80/200 spread	Day's high/low	One month	Three months	One year	Bank of England
Europe								
Austria	15.8238	+0.012	156 - 315	15.8432	15.8272	15.8200	2.3	18,911 2.9
Belgium	46.3282	+0.008	216 - 040	46.3120	46.3280	46.3280	2.8	48,347.8 2.7
Denmark	8.7484	+0.001	481 - 527	8.7389	8.7381	8.7381	1.8	8,711.1 1.7
France	7.0385	+0.002	331 - 377	7.0310	7.0310	7.0310	0.7	7,027.7 0.7
Germany	17.5236	+0.007	511 - 567	17.5160	17.5160	17.5160	2.0	17,516.0 1.9
Greece	2.2942	+0.001	691 - 737	2.2867	2.2867	2.2867	0.8	7,748.2 0.7
Ireland	369.828	+0.002	725 - 771	369.828	369.828	369.828	2.1	2,294.1 2.1
Italy	0.9730	+0.002	725 - 771	0.9730	0.9730	0.9730	2.7	2,294.1 2.7
Japan	2394.23	+1.56	330 - 616	2392.67	2392.67	2392.67	1.1	0,790.0 0.9
Netherlands	40.5828	+0.008	216 - 040	40.5740	40.5740	40.5740	3.7	24,055.3 -3.6
Norway	2.5251	+0.001	340 - 386	2.5166	2.5166	2.5166	2.8	48,247.8 2.7
Portugal	0.8430	+0.004	380 - 510	0.8386	0.8386	0.8386	3.0	2,169.2 2.9
Spain	234.800	+0.234	720 - 000	234.566	234.566	234.566	1.3	9,813.2 1.2
Sweden	100.494	+0.006	374 - 614	100.488	100.488	100.488	-2.2	232.22 -2.2
Switzerland	103.890	+0.007	789 - 890	103.883	103.883	103.883	-0.2	10,388.3 -0.1
UK	1.0000	-0.001	331 - 377	0.9990	0.9990	0.9990	4.3	1,764.8 3.9
USA	1.2204	+0.008	198 - 210	1.2204	1.2204	1.2204	1.5	1,211.1 1.4
SDR	1.04481							

**DOLLAR SPOT FORWARD AGAINST THE DOLLAR**

Mar 8	Closing mid-point	Change on day	80/200 spread	Day's high/low	One month	Three months	One year	J.P. Morgan
Europe								
Austria	10.4339	+0.033	310 - 366	10.4470	10.4470	10.4470	1.8	10,293.3 1.8
Belgium	40.5828	+0.008	216 - 040	40.5740	40.5740	40.5740	3.7	24,055.3 -3.6
Denmark	8.7484	+0.001	481 - 527	8.7389	8.7389	8.7389	1.8	8,711.1 1.7
France	7.0385	+0.002	331 - 377	7.0310	7.0310	7.0310	0.7	7,027.7 0.7
Germany	17.5236	+0.007	511 - 567	17.5160	17.5160	17.5160	2.0	17,516.0 1.9
Greece	2.2942	+0.001	691 - 737	2.2867	2.2867	2.2867	0.8	7,748.2 0.7
Ireland	369.828	+0.002	725 - 771	369.828	369.828	369.828	2.1	2,294.1 2.1
Italy	0.9730	+0.002	725 - 771	0.9730	0.9730	0.9730	2.7	2,294.1 2.7
Japan	2394.23	+1.56	330 - 616	2392.67	2392.67	2392.67	1.1	0,790.0 0.9
Netherlands	40.5828	+0.008	216 - 040	40.5740	40.5740	40.5740	3.7	24,055.3 -3.6
Norway	2.5251	+0.001	340 - 386	2.5166	2.5166	2.5166	2.8	48,247.8 2.7
Portugal	0.8430	+0.004	380 - 510	0.8386	0.8386	0.8386	3.0	2,169.2 2.9
Spain	234.800	+0.234	720 - 000	234.566	234.566	234.566	1.3	9,813.2 1.2
Sweden	100.494	+0.006	374 - 614	100.488	100.488	100.488	-2.2	232.22 -2.2
Switzerland	103.890	+0.007	789 - 890	103.883	103.883	103.883	-0.2	10,388.3 -0.1
UK	1.0000	-0.001	331 - 377	0.9990	0.9990	0.9990	4.3	1,764.8 3.9
USA	1.2204	+0.008	198 - 210	1.2204	1.2204	1.2204	1.5	1,211.1 1.4
SDR	1.04481							

**WORLD INTEREST RATES**

**MONEY RATES**

March 8	Overnight	One month	Three months	Six months	One year	De. rate	Repo rate
Belgium	3 3/8	3 3/8	3 3/8	3 3/8	3 3/8	7.00	3.00
Denmark	3 3/8	3 3/8	3 3/8	3 3/8	3 3/8	7.00	3.00
France	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	5.00	5.00
Germany	4 1/4	4 1/4	4 1/4	4 1/4	4 1/4	5.00	5.00
Greece	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5.00	5.00
Ireland	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5.00	5.00
Italy	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5.00	5.00
Netherlands	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5.00	5.00
Portugal	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5.00	5.00
Spain	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5.00	5.00
Sweden	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5.00	5.00
Switzerland	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5.00	5.00
UK	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5.00	5.00
USA	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5.00	5.00

**CROSS RATES AND DERIVATIVES**

**EXCHANGE CROSS RATES**

Mar 8	BFY	DM	FF	DM	£	¥	US	HK	S	Y	£	Y
Belgium	100	16.78	16.86	4.833	2.000	5120	5.448	21.14	804.5	408.1	22.32	3.845
Denmark	100	8.22	8.20	1.250	1.112	2728	2.587	11.25	285.5	217.7	1.250	1.112
France	100	11.28	11.20	2.800	1.250	3073	2.828	12.80	500.0	317.7	1.250	1.112
Germany	100	20.57	20.57	5.325	2.400	1.120	4.848	10.68	41.4	4.590	2.101	4.448
Italy	100	17.36	17.36	4.500	2.000	1.012	24.14	195.8	1.088	1.898	1.028	2.144
Netherlands	100	16.82	16.82	4.375	2.000	1.008	0.413	8.683	7.981	0.438	0.742	0.774
Norway	100	13.83	13.83	3.500	1.000	1.000	3.888	62.68	734.75	6.000	1.000	1.174
Portugal	100	20.48	20.48	5.250	2.400	1.120	10.26	10.15	10.58	1.098	1.010	2.150
Spain	100	16.82	16.82	4.375	2.000	1.008	4.180	10.10	4.122	0.778	0.628	0.675
Sweden	100	13.83	13.83	3.500	1.000	1.000	5.187	123.3	100.5	5.454	0.884	0.828
Switzerland	100	44.81	44.81	7.483	2.178	0.958	2.925	24.40	84.74	228.1	1.000	1.000
UK	100	25.36	25.36	6.478	2.322	1.298	5.588	127.2	103.7	5.588	1.000	1.000
USA	100	46.58	46.58	7.724	2.294	1.071	2.934	23.48	100.5	10.38	1.837	1.000
Canada	100	71.25	71.25	11.488	3.125	1.143	1.215	4.718	112.6	91.28	4.381	0.881
Japan	100	30.51	30.51	7.723	2.294	1.071	6.450	124.8	6.209	1.204	1.000	1.000
HK	100	28.83	28.83	4.801	1.402	0.802	14.76	6.089	145.4	118.0	6.433	1.577
Yen	100	38.18	38.18	6.396	1.896	0.798	19.54	2.078	156.1	8.518	1.108	1.251

**UK INTEREST RATES**

**LONDON MONEY RATES**

Mar 8	Overnight	7 days	One month	Three months	Six months	One year
Interbank	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4
Bank Bill	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4
Local authority	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4
Discount market	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4

**BASE LENDING RATES**

Bank	Rate	Bank	Rate	Bank	Rate
Adrian & Co	6.00	Dunlop	6.25	Royal Bank of Scotland	6.25
Allen Trust Bank	6.00	Easton	6.25	Shropshire & Shropshire	6.25
AB Bank	6.00	Farmacia & Gen Bank	7.00	Sheridan & Williams	6.25
Bank of America	6.00	First National Bank	6.25	Shropshire & Shropshire	6.25
Bank of Australia	6.25	Foreign & Colonial	6.25	United Bank	6.25
Bank of Canada	6.25	Herbert & Co	6.25	Western Trust	6.00
Bank of India	6.25	Hutchings & Co	6.25	Whitbread	6.25
Bank of Japan	6.25	Imperial Bank	6.25	Yorkshire Bank	6.25
Bank of Korea	6.25	London & Lancashire	6.25		
Bank of Malaya	6.25	London & West	6.25		
Bank of Mexico	6.25	Magna Bank Ltd	6.25		
Bank of New Zealand	6.25	Middle East Bank	6.25		
Bank of Norway	6.25	Northampton & Peterborough	6.25		
Bank of Persia	6.25	Northumbria	6.25		
Bank of Portugal	6.25	North Wales	6.25		
Bank of Russia	6.25	Northampton & Peterborough	6.25		
Bank of Siam	6.25	Northampton & Peterborough	6.25		
Bank of Spain	6.25	Northampton & Peterborough	6.25		
Bank of Sweden	6.25	Northampton & Peterborough	6.25		
Bank of Switzerland	6.25	Northampton & Peterborough	6.25		
Bank of the East Indies	6.25	Northampton & Peterborough	6.25		
Bank of the Pacific	6.25	Northampton & Peterborough	6.25		
Bank of the South Sea	6.25	Northampton & Peterborough	6.25		
Bank of the Straits Settlements	6.25	Northampton & Peterborough	6.25		
Bank of the West Indies	6.25	Northampton & Peterborough	6.25		
Bank of the Windward Coast	6.25	Northampton & Peterborough	6.25		
Bank of the Zanzibar	6.25	Northampton & Peterborough	6.25		

**UK GILTS PRICES**

Issue	Price	Yield	Issue	Price	Yield
Short Term	101 1/2	10 1/2	3 1/2	101 1/2	10 1/2
2 1/2	101 1/2	10 1/2	3 1/2	101 1/2	10 1/2
3 1/2	101 1/2	10 1/2	3 1/2	101 1/2	10 1/2
4 1/2	101 1/2	10 1/2	3 1/2	101 1/2	10 1/2
5 1/2	101 1/2	10 1/2	3 1/2	101 1/2	10 1/2

**BANK RETURN**

Category	Value	Change
Banking Department	1,234,567	+123,456
Public Deposits	2,345,678	+234,567
Barriers Deposits	3,456,789	+345,678
Reserve and other accounts	4,567,890	+456,789
Assets	5,678,901	+567,890
Government securities	6,789,012	+678,901
Advance and other accounts	7,890,123	+789,012
Provision, equipment and other assets	8,901,234	+890,123
Notes	9,012,345	+901,234
Liabilities	10,123,456	+1,012,345
Notes in circulation	11,234,567	+1,123,456
Notes in Banking Department	12,345,678	+1,234,567
Assets	13,456,789	+1,345,678
Other Government securities	14,567,890	+1,456,789
Other Securities	15,678,901	+1,567,890

**UK GILTS PRICES**

Issue	Price	Yield	Issue	Price	Yield
3 1/					



FT MANAGED FUNDS SERVICE

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Main table containing columns for fund names, prices, and other financial data. Includes sub-sections for 'OTHER OFFSHORE FUNDS' and 'OFFSHORE INSURANCES'.

Table listing various fund names and their corresponding prices, including 'Wills Investment Funds - Overseas'.

Table listing various fund names and their corresponding prices, including 'Wills Asia Convertible Bond Fund'.

Table listing various fund names and their corresponding prices, including 'Wills Asia Growth Fund'.

Table listing various fund names and their corresponding prices, including 'Wills Asia Income Fund'.

Table listing various fund names and their corresponding prices, including 'Wills Asia Money Fund'.

Table listing various fund names and their corresponding prices, including 'Wills Asia Real Estate Fund'.

Table listing various fund names and their corresponding prices, including 'Wills Asia Small Cap Fund'.

Table listing various fund names and their corresponding prices, including 'Wills Asia Value Fund'.

OTHER OFFSHORE FUNDS

OFFSHORE INSURANCES

MANAGED FUNDS NOTES: Please note that all prices are quoted in US dollars and that the value of investments may rise or fall. The value of investments may rise or fall. The value of investments may rise or fall.

LONDON SHARE SERVICE

ALCOHOLIC BEVERAGES

Table listing companies in the Alcoholic Beverages sector, including names like Diageo, Heineken, and Carlsberg, with columns for share price and change.

BANKS, MERCHANT

Table listing banks and merchant companies, including HSBC, Citigroup, and Royal Bank of Canada.

BANKS, RETAIL

Table listing retail banks, including Lloyds, NatWest, and Halifax.

BREWERIES, PUBS & REST

Table listing breweries, pubs, and restaurants, including Asahi, Tennent's, and Wetherspoons.

BUILDING & CONSTRUCTION

Table listing building and construction companies, including Bovis Lend Lease, Bovis Homes, and Bovis Lend Lease.

BUILDING MATS. & MERCHANTS

Table listing building materials and merchants, including Bunnings, Wickes, and Wickes.

CHEMICALS

Table listing chemical companies, including ICI, Shell Chemicals, and ICI.

DISTRIBUTORS

Table listing distribution companies, including Asda, Sainsbury's, and Asda.

DIVERSIFIED INDUSTRIALS

Table listing diversified industrial companies, including Unilever, Nestle, and Unilever.

ELECTRICITY

Table listing electricity companies, including British Energy, EDF Energy, and British Energy.

ELECTRONIC & ELECTRICAL EQPT

Table listing electronic and electrical equipment companies, including Philips, Philips, and Philips.

ELECTRONIC & ELECTRICAL EQPT - Cont.

Continuation of Electronic & Electrical Equipment table.

ENGINEERING

Table listing engineering companies, including BAE Systems, BAE Systems, and BAE Systems.

ENGINEERING - Cont.

Continuation of Engineering table.

ENGINEERING, VEHICLES

Table listing engineering and vehicle companies, including Ford, Ford, and Ford.

EXTRACTIVE INDUSTRIES

Table listing extractive industries companies, including Anglo American, Anglo American, and Anglo American.

EXTRACTIVE INDUSTRIES - Cont.

Continuation of Extractive Industries table.

FOOD PRODUCERS

Table listing food producers, including Unilever, Nestle, and Unilever.

EXTRACTIVE INDUSTRIES - Cont.

Continuation of Extractive Industries table.

EXTRACTIVE INDUSTRIES - Cont.

Continuation of Extractive Industries table.

EXTRACTIVE INDUSTRIES

Table listing extractive industries companies.

HEALTH CARE - Cont.

Continuation of Health Care table.

HOUSEHOLD GOODS

Table listing household goods companies, including Hoover, Hoover, and Hoover.

INSURANCE

Table listing insurance companies, including Aviva, Aviva, and Aviva.

INVESTMENT TRUSTS

Table listing investment trusts, including Fidelity, Fidelity, and Fidelity.

INVESTMENT TRUSTS

Table listing investment trusts.

INVESTMENT TRUSTS - Cont.

Continuation of Investment Trusts table.

INVESTMENT TRUSTS

Table listing investment trusts.

INVESTMENT TRUSTS

Table listing investment trusts.

INVESTMENT TRUSTS

Table listing investment trusts.

INVESTMENT TRUSTS

Table listing investment trusts.

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LONDON SHARE SERVICE

INV TRUSTS SPLIT CAPITAL - Cont.

Table listing investment trusts with columns for Name, Price, Dividend, and other financial metrics.

LEISURE & HOTELS

Table listing companies in the Leisure & Hotels sector.

OTHER FINANCIAL - Cont.

Table listing various financial services companies.

PROPERTY - Cont.

Table listing real estate and property companies.

SUPPORT SERVICES - Cont.

Table listing support and service companies.

AMM - Cont.

Table listing AMM (American Market Monitor) data.

OTHER INVESTMENT TRUSTS

Table listing other investment trusts.

LIFE ASSURANCE

Table listing life assurance companies.

PAPER, PACKAGING & PRINTING

Table listing paper, packaging, and printing companies.

RETAILERS, FOOD

Table listing food retailers.

TELECOMMUNICATIONS

Table listing telecommunications companies.

AMERICANS

Table listing American companies.

MEDIA

Table listing media companies.

RETAILERS, GENERAL

Table listing general retailers.

RETAILERS, GENERAL - Cont.

Table listing general retailers (continued).

TEXTILES & APPAREL

Table listing textiles and apparel companies.

CANADIANS

Table listing Canadian companies.

PHARMACEUTICALS

Table listing pharmaceutical companies.

RETAILERS, GENERAL - Cont.

Table listing general retailers (continued).

TOBACCO

Table listing tobacco companies.

TRANSPORT

Table listing transport companies.

SOUTH AFRICANS

Table listing South African companies.

INVESTMENT COMPANIES

Table listing investment companies.

OIL EXPLORATION & PRODUCTION

Table listing oil exploration and production companies.

PROPERTY

Table listing property companies.

SUPPORT SERVICES

Table listing support services companies.

WATER

Table listing water companies.

GUIDE TO LONDON SHARE SERVICE

Price for the London Share Service delivered by FT Data, a member of the Financial Times Group. Company classifications are based on those used for the FT-SE Actuaries share indices.

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FT Share Service

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FT Company Focus

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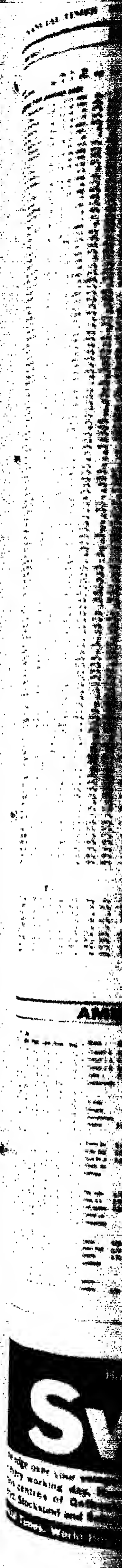
FT Cityline

For up-to-the-minute share prices call FT Cityline on 0206 43 0891 43 followed by the four-digit code listed after the share price.

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

Main table of stock prices with columns for stock name, price, and change. Includes sub-sections for 'D', 'H', 'I', 'J', 'K', 'L', 'M', 'N', 'O', 'P', 'Q', 'R', 'S', 'T', 'U', 'V', 'W', 'X', 'Y', 'Z'.

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سكاي نيوز

NYSE COMPOSITE PRICES

NASDAQ NATIONAL MARKET

Table of NYSE Composite Prices listing various stocks with columns for stock name, price, and change.

Table of NASDAQ National Market listing various stocks with columns for stock name, price, and change.

Table of NASDAQ National Market listing various stocks with columns for stock name, price, and change.

AMEX COMPOSITE PRICES

Table of AMEX Composite Prices listing various stocks with columns for stock name, price, and change.

Table of AMEX Composite Prices listing various stocks with columns for stock name, price, and change.

Table of AMEX Composite Prices listing various stocks with columns for stock name, price, and change.

Advertisement for 'Sweden' newspaper, featuring the text 'Have your FT hand delivered in Sweden' and 'The edge over your competitors by having the Financial Times delivered to your home or office every working day.'

FT GUIDE TO THE WEEK

MONDAY 11

Euro-MPs prepare for IGC

Euro-MPs will debate a motion outlining the European Parliament's priorities for the inter-governmental conference reviewing the Maastricht treaty...

Australia coalition sworn in

Australia's new Liberal-National coalition government will be sworn in, 9 days after scoring a sweeping victory over its Labor opponents...

EU ministers discuss waste

European Union finance ministers meet in Brussels to approve the Court of Auditors' report on identifying EU financial mismanagement and waste in 1994...

Seoul army coup trial

Two former military-backed presidents of South Korea, Chun Doo-hwan and Roh Tae-woo, go on trial for their alleged roles in leading a 1979 army coup...

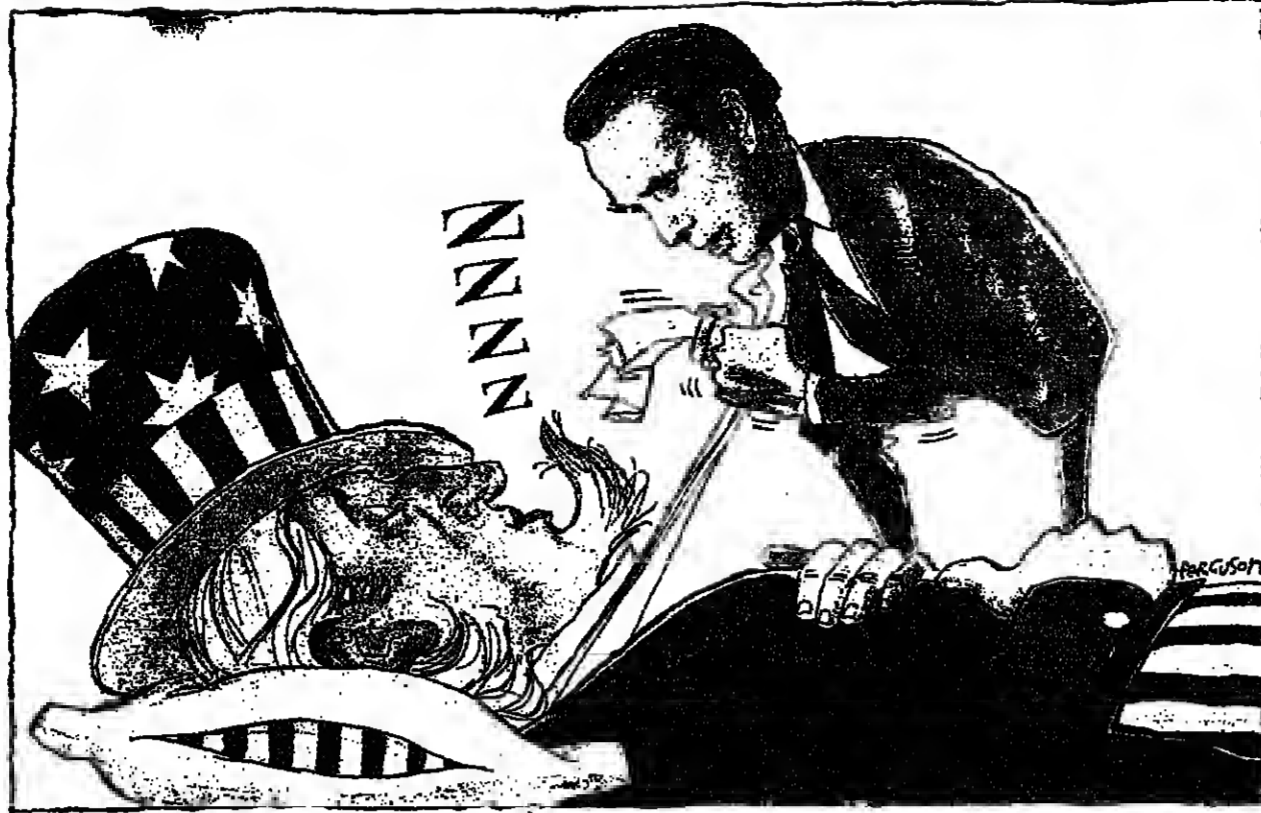
Public holidays

Australia, British Virgin Islands, Gibraltar.

TUESDAY 12

Dole nearly unstoppable

By the end of so-called Super Tuesday's presidential primaries in seven states - including delegate-rich Texas and Florida - 45.7 per cent of the delegates will have been selected for the US Republican...



Wake up America: Republican Robert Dole looks set to boost an overwhelming lead as the presidential primaries gear up for Super Tuesday

convention. With momentum gained last week from wins in New York and eight other states, the virtually unstoppable senator Robert Dole is expected to add to his already overwhelming lead.

Turkey alliance vote

Turkish MPs are expected to approve the new conservative coalition government of Mesut Yilmaz in a confidence debate, even though the alliance between his Motherland party and Tansu Ciller's True Path party lacks a majority...

Cardoso in Japan

President Fernando Henrique Cardoso of Brazil travels to Japan for a four-day visit aimed at rebuilding economic ties between the two countries. The Japanese invested heavily in Brazil during the 1960s and 1970s...

White paper on IGC

The British government publishes its white paper on the UK's broad negotiating position ahead of the inter-governmental conference on institutional reform of the EU.

position ahead of the inter-governmental conference on institutional reform of the EU. The document will outline the government's proposals for modest curbs on the jurisdiction of the European Court of Justice and UK resistance to increasing the powers of the European parliament.

Horse racing

National Hunt (jumps racing) festival, Cheltenham, England (to March 14).

FT Survey

Executive Education.

Public holidays

Lesotho, Mauritius.

WEDNESDAY 13

Northern Ireland convention

The British government is expected to announce details of elections to a Northern Ireland convention, in advance of all-party talks in June. Relations between ministers and the Ulster Unionists, the province's largest party, have deteriorated amid indications that the government would support proposals by the rival Democratic Unionist party for a single list system for elections.

majority now reduced to two, the argument has had serious repercussions at Westminster.

Middle East peace summit

Hosni Mubarak and Bill Clinton, the Egyptian and US presidents, host a summit in Egypt to rally support for the Middle East peace process. World leaders who have accepted the joint invitation include John Major, the UK prime minister, Boris Yeltsin, the Russian president, Jacques Chirac, the French president, and Helmut Kohl, the German chancellor.

South African budget

Chris Liebenberg, the South African finance minister, will try to woo foreign investors with reforms to the tax system when he presents his government's second budget to parliament. A rise in the VAT rate, a reduction in the 25 per cent rate for secondary tax on companies and a levy on income from pension funds have been widely forecast.

Cricket

First of the World Cup semi-finals, Calcutta. The other semi is on March 14 (Chandigarh).

THURSDAY 14

Berlusconi committal hearing

A committal hearing in Milan is due to decide whether Silvio Berlusconi, the media magnate and former Italian prime minister, should stand trial on charges of illegally channelling funds to another former prime minister, the disgraced Bettino Craxi.

Golf

Dubai Desert Classic (to March 17).

Public holidays

Andorra, Guyana.

FRIDAY 15

IMF decision on Hungary

The International Monetary Fund decides whether to grant Hungary a much-delayed stand-by loan - the first since the Socialist-Liberal coalition took power in July 1994. The loan is dependent on parliament this week passing a tight F17.8bn (\$124m) social security deficit for this year.

Carlsson retires in Sweden

A congress of Sweden's ruling Social Democratic party is set to elect Göran Persson, the finance minister, as its new leader to succeed Ingvar Carlsson, who is retiring after 10 years in the post. Mr Persson will formally take over as prime minister following a parliamentary vote on March 21. Meanwhile, the congress debate on SDP policy for the new century will pit reformists seeking to modernise the party against traditionalist defenders of Sweden's all-pervading welfare state.

Lib Dem conference

The Liberal Democrats, the UK's third political party, hold their spring conference in Nottingham (to March 17). Party leader Paddy Ashdown will put members on election alert, and policy debates will include law and order, further education and Europe.

Mastering Management

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FT Survey

Kent.

Public holidays

Belarus, Hungary, Liberia.

SATURDAY 16

Saleroom

Albert Einstein's autographed working manuscript for his special theory of relativity comes up for auction at Sotheby's in New York. The 72-page manuscript, probably written in 1912, was unknown until it sold at Sotheby's in 1987 for \$1.2m (\$70,000). This time it is estimated it will fetch up to \$6m. The manuscript represents a landmark in human thought and is the earliest and longest devoted to Einstein's theory.

Apec ministers in Kyoto

Finance ministers of the 18 members of the Asia Pacific Economic Co-operation council meet in Kyoto to discuss foreign exchange movements and investment in Asia (to March 17). Ministers are expected to call for a consideration of regional currency stabilisation in order to ward off foreign exchange crises. A proposal for a mixed public and private sector fund - led by Japan - to invest in Asian infrastructure projects will also be discussed. The meeting, the third of its kind, will be opened by Michel Camdessus, the managing director of the International Monetary Fund. He will give a report on the economic situation of each Apec country.

Mugabe seeks fourth term

Robert Mugabe, the president of Zimbabwe, is expected to win a fourth consecutive presidential term. Mr Mugabe, who claims most local industrialists are crooks, is being challenged by Abel Muzorewa, a former premier, and the Rev Ndabandwe Sithole, whose Zanu-Ndonga party is said to be linked to rebels operating from Mozambique. Mr Sithole - free on bail after being charged with plotting to assassinate Mr Mugabe - denies the claim. With two out of the 150 seats, Mr Sithole's party is the only opposition party with representation in parliament.

Rugby union

Five nations' championship: England v Ireland, London; Wales v France, Cardiff.

Boxing

America's Mike Tyson and Britain's Frank Bruno tangle in Las Vegas. At stake: Bruno's WBC heavyweight crown.

SUNDAY 17

Cricket

World Cup final, Lahore.

Compiled by Simon Strong. Fax: (+44) (0)171 873 3194.

ECONOMIC DIARY

Statistics to be released this week

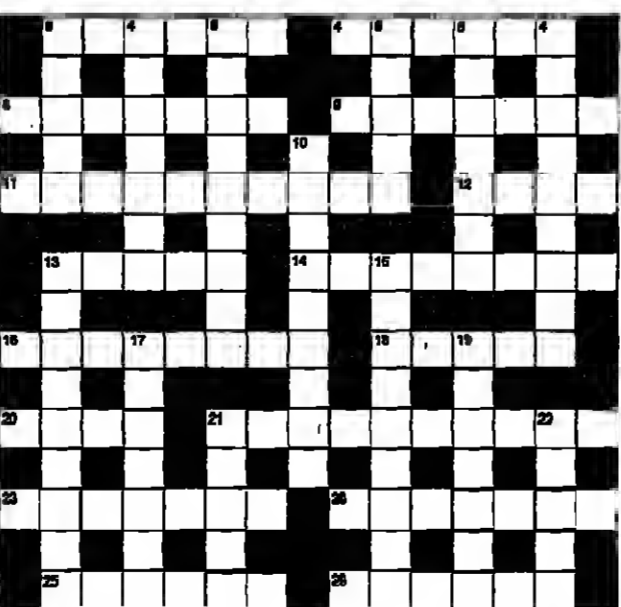
Table with columns: Day Released, Country, Economic Statistic, Median Forecast, Previous Actual. Includes data for US, Germany, France, UK, Japan, and Spain.

Other economic news

Monday: UK manufacturing production is forecast to show a small upturn for January, having fallen sharply in December. Manufacturers' input and output price inflation is also thought to have eased last month, easing pressure on interest rates. Tuesday: The Swiss economy is forecast to have shrunk slightly in the fourth quarter last year, having been flat in the third. Germany's trade surplus is also forecast to have narrowed a little in December. Wednesday: Unemployment in the UK is forecast to have fallen again in February, but by much less than in the previous month. Spanish inflation is meanwhile thought to have fallen slightly. Thursday: US annual producer price inflation is predicted to have been unchanged in February as cost pressures continue fading. Employment in Australia is thought to have risen in February, reversing the previous month's decline. Friday: US consumer price is predicted to have been stable last month, following the increase which took place at the turn of the year. Factory orders are thought to have fallen in January following December's increase.

- ACROSS 1. 4 Paper shirts I designed for a clergyman (6,6) 8 What a 'suspended sentence' used to mean? (7) 9 Times newspaper shock, we're told (7) 11 Ordered home before becoming unwell (10) 12 Raced to front gate and called (4) 13 Top man admitted being shoddy (5) 14 Liqueur distilled in tea set (8) 16 NCO rejected work in cattle pen (5) 18 Cold tar to one side of taxi driver (5) 20 With front removed smell is grim (4) 21 Wanting cooked meal ring AA executive (10) 23 Liar left off guard swallows something fishy (7) 24 Reckless act injured animal (7) 25, 26 Came in gloom to tour North London area (6,6)

- DOWN 1, 13 down Something barred for people who don't like it milky? (5,5) 2 Music paper brought up issue (7) 3 Bird seed in a smoother case (9) 4 Cane for interrupting a French period? (5) 5 Recommend putting stop to rose cultivation (7) 7, 22 Keep having a go - it could win the rugby match' (3,3,3,5) 10 Fool a scruffy Latin attacker (9) 13 See 1 down 15 Unknown pin and tonic mixture gets a zero? (9) 17 If raising a parking ticket could be prejudiced? (7) 19 Tediumness of drill work on motorway (7) 21 Fool taking night round front room (5) 22 See 7



MONDAY PRIZE CROSSWORD No.9,015 Set by GRIFFIN

A prize of a Pelikan New Classic 380 fountain pen for the first correct solution opened and five runner-up prizes of £20 Pelikan vouchers will be awarded. Solutions by Thursday March 21, marked Monday Crossword 9,015 on the envelope, to the Financial Times, 1 Southwark Bridge, London SE1 8UL. Solution on Monday March 26. Please allow 28 days for delivery of prizes.

- Winners 9,003 G.J. Morrow, Port Erin, Isle of Man M. Brockbank, Southport, Lancs T.G. McCann, Ballymena, County Antrim Diane Coultas, Stramshall, Staffs C. Reader, London NW1 D. Turgoose, Chilwell, Nottingham



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